



Squeezing the South



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- **No place to go** – how the Palestinians have been left stranded.
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NI

ISSN 03050 9529

New Internationalist exists to report on the issues of world poverty and inequality; to focus attention on the unjust relationship between the powerful and powerless in both rich and poor nations; to debate and campaign for the radical changes necessary within and between those nations if the basic material and spiritual needs of all are to be met; and to bring to life the people, the ideas and the action in the fight for world development.

The **New Internationalist** magazine is published by New Internationalist Publications Ltd which is wholly owned by the New Internationalist Trust and co-operatively run by: *Vanessa Baird, Chris Brazier, Wayne Ellwood, Nikki van der Gaag, Alan Hughes, Jana Mahalingam, Gill Moore, Clive Offley, David Ransom, James Rowland, Richard Swift, Dexter Tiranti, Jim Turner, Alison Ware, Troth Wells.* The **New Internationalist** magazine was founded by Peter and Lesley Adamson in 1970.

SUBSCRIPTION ENQUIRIES

Please write to your subscription office with full details including (if possible) your subscription number shown on the magazine address label. Please inform us of any change of address.

SUBSCRIPTION OFFICES AND ANNUAL PRICES

UK: 120-126 Lavender Ave, Mitcham, Surrey CR4 3HP. Tel. (081) 685 0372.

Individuals £22.70 p.a.; £6.30 qtlly. Institutions £45

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Rest of the World: 120-126 Lavender Ave, Mitcham, Surrey CR4 3HP. Tel. (081) 685 0372.

Individuals £28.50; Institutions £50. Please pay in sterling by UK Cheque, Eurocheque, Visa, Mastercard or Banker's Draft. Despatch by air only.

EDITORIAL AND ADVERTISING OFFICES

UK: 55 Rectory Road, Oxford OX4 1BW. Tel. (0865) 728181. Fax. (0865) 793152. [Advertising: Tel. (0384) 373421. Fax. (0384) 441904]

Canada: 1011 Bloor Street West, Toronto, Ontario M6H 1M1. Tel. (416) 588 6478. Fax: (416) 537 6435.

Australia: 7 Hutt Street, Adelaide, S.A. 5000. Tel. (08) 2321563

MAILINGS

Occasionally we allow organizations to mail our subscribers. If you do not wish to receive their material please write to your subscription office.

The **NI** is printed by Cradley Print Ltd, Warley, West Midlands, UK.

The **NI** is distributed to the UK news trade by COMAG Specialist Division, Mercury Centre, Central Way, Feltham, Middlesex TW14 0RX. Tel. (081) 844 1000. Fax. (081) 751 2666.

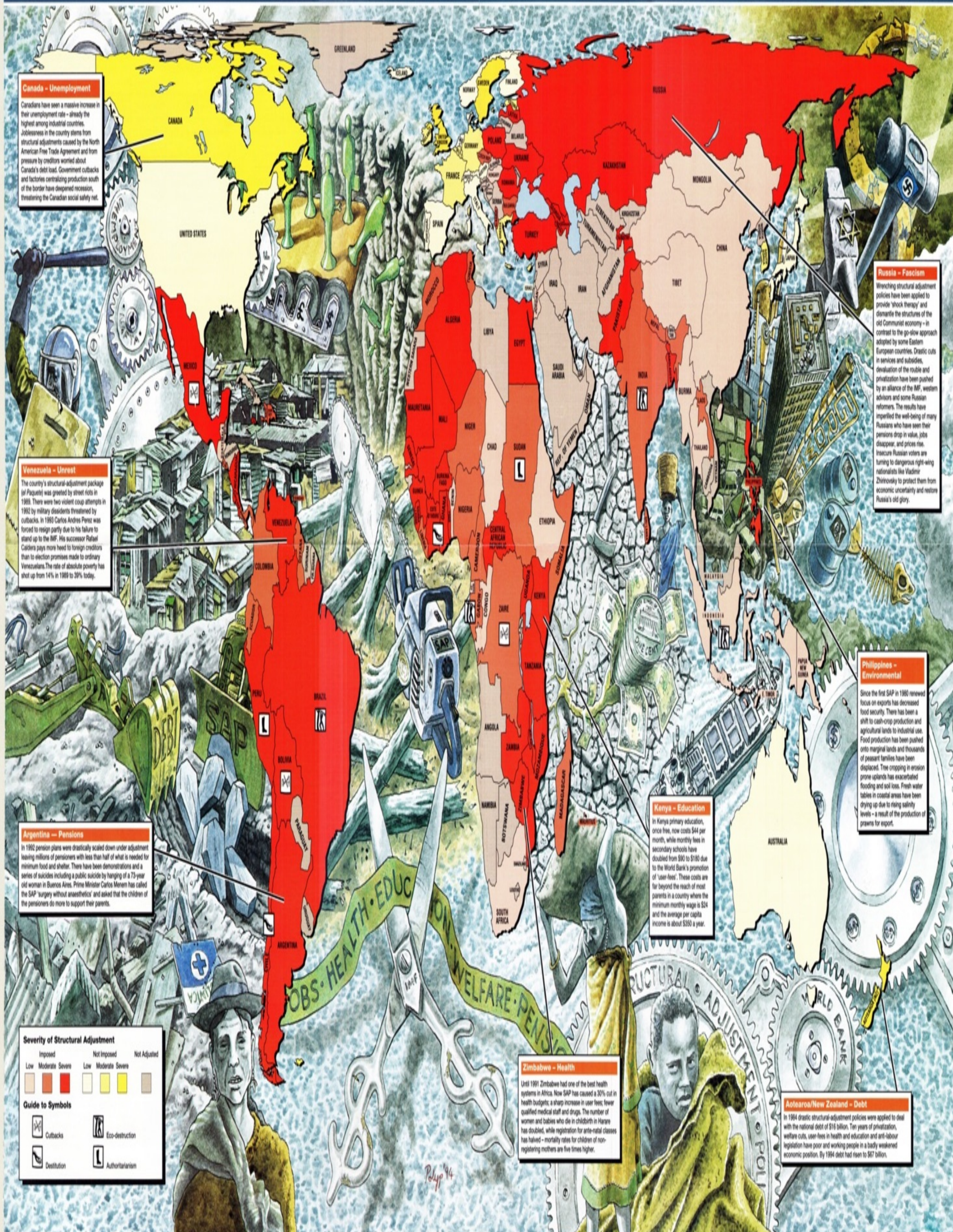
The **NI** in North America (USPS 329-770) is published monthly by **New Internationalist Publications**, 1011 Bloor Street West, Toronto, Ontario, Canada M6H 1M1. Marketing Services: Ian McKelvie, Box 506, Osgoode, Ontario KOA 2W0. Tel: (613) 826-1003. Fax: (613) 826-1141. US 2nd class postage paid at Lewiston, NY. US Post-master send address changes to: The **NI**, P O Box 1143, Lewiston, NY 14092. US Office of Publication, Lewiston, NY 14092. Indexed in the Canadian Periodical Index, CPI CD-ROM, CPI Online, the Canadian Magazine Index, CBCA Online, CBCA OnDisc and the Alternative Press Index.

Syndication/Permissions: Sonja Singleton, Cover Stories, The Guardian, 119 Farringdon Road, London EC1, UK. Tel: 071 278 2332. Fax: 071 837 1192.

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The World Bank and the International Monetary Fund have imposed a series of draconian economic measures on debt-ridden Third World economies to ensure they can continue to pay. Industrial countries have voluntarily adopted similar if less severe measures to enhance their global competitiveness. This special NI map surveys the damage to people and nature.





Heretic in Babylon

What does the World Bank look like from inside? And what does the world look like through the Bank's own spectacles? The *New Internationalist's* Richard Swift tries to find out from Herman Daly, one of the world's ablest environmental economists, who ended his six-year association with the Bank in January.



RICHARD SWIFT: YOUR LEAVING SPEECH WAS PRETTY BLUNT – you talked about the World Bank suffering from the infirmities of creeping middle age and prescribed 'a few antacids and laxatives to cure... managerial flatulence and organizational constipation' and 'to improve interactions with the outside world... some new eyeglasses and a hearing aid.' What is the internal culture of the Bank really like?

HERMAN DALY: It's a very professional workaholic kind of a culture where people in general are very competent. The main problem at the Bank has more to do with its faulty vision of development – the spreading

certain feeling that development – in other words bringing the whole world onto a higher economic plane – is just not being accomplished.

Doesn't the Bank's adherence to the market-based neo-classical model make that inevitable?

I think a lot of what is wrong with the Bank can be traced back to the academic training of Bank economists. Whether they are from California or Cameroon, they all went to places like Harvard, Stanford, Cambridge or MIT. They were socialized into the standard economic view of the world; the neo-classical vision. That's the context through which the Bank sees the world and I think that context is fundamentally flawed.

Don't you think it also has to do with the pressure of the main industrial countries on the direction of Bank policy? Otherwise why would there have been such pressure on African and Latin American economies to put repaying their debts ahead of funding health or education?

That's right. A lot of that gets couched and justified in the language of neo-classical economics. 'Yes it's true it's pinching now but once we get things adjusted then growth will take over and we won't sacrifice credit-worthiness.' The solution to past debt is to have more debt and more growth. There must have been a lot of pressure from the Northern commercial banks. The World Bank was supposed to pump money in to keep the balance of payments going and the

The Bank is a very top down kind of place which creates a great tendency to please your boss – people know what the party line is.

foreign exchange flowing to repay the private banks.

By now the World Bank and the International Monetary Fund are taking more in repayments out of the Third World than they are putting back in new credits. Wouldn't the South be better off if these institutions just dissolved and the debt load with them?

I know that those figures are correct – the repayments flow is greater than the volume of new lending. But I don't see that a whole lot really follows from that. If you had invested the money you borrowed in things that were highly productive and so were now paying back those loans out of a much greater income then that would be positive. I mean the only way you can hope to get out

of debt is for your repayments to be greater than your new loans. To the extent that these loans were wasted on bad projects or totally motivated by balance-of-payments reasons then I think that's just awful. And the solution for that is to have a lot more quality control on Bank projects and accept the consequence that it is going to lend less and be slow and careful with the projects it is supporting.

But say you are an urban worker in Caracas: you have seen your social services cut back, your real wages have dropped and you have to wait an extra half hour every day for the bus. You are in these ways paying off a loan that somebody else has profited from. Why should you do that?

It's a good question. If you borrow money and waste it and then your creditor expects me to pay it back I'm going to be pretty upset. And it's almost that bad. You have a government usually drawn from the elite class that borrows the money and then spends it or wastes it and has to wring it out of society to pay it back. It's connected to the fact that when the World Bank makes loans it knows it's going to be repaid – not at all like a private bank. If a private bank makes a loan and the money is spent badly the bank takes a loss. Not so the World Bank, which always gets repaid because it lends to sovereign governments who have the power to squeeze the money right out of their citizens and who have the right to print money no matter what the inflationary cost.

There is a tremendous predisposition within the Bank to push the money. The borrowing government wants the project. The Bank says 'what the hell, we're never going to lose, we are always going to be repaid'. There's very little attention paid to whether in five or ten years down the road the project will prove to be successful. It's a kind of culture biased to project approval. Nobody has an interest in stopping it.

I suppose the larger the project the better. The evaluation would be a lot more difficult for a lot of small projects than for one big one.

The costs of monitoring and lending are the same for a big project as for a small. As someone put it 'Efficiency in the Bank is to move the greatest amount of money with the least amount of thought'.

On this fiftieth anniversary of Bretton Woods the Pakistani economist Mahbub ul Haq has advocated a return to Keynes' original vision. He calls for an international civil society including a global bank with more decisive powers and a world tax authority where power and influence would be held on the basis of population rather than capital subscription. What

do you think of this idea?

I have two sorts of conflicting reactions. I think there are areas where we absolutely need a forum for international agreements – atmosphere, oceans, nuclear proliferation.

'Efficiency in the Bank is to move the greatest amount of money with the least amount of thought.'

However most questions of economic life are not necessarily global. Most people make their living in national or local settings. There is a kind of tendency to want to globalize the economy and that I would resist very strongly. I think we ought to be moving very much in the opposite direction. Let goods flow across boundaries but the idea of capital becoming global running all over the world to employ labour in the cheapest possible place and then export and import everything all over the globe strikes me as a very bad idea. Yet it's exactly what we are doing.

Mahbub ul Haq's case for an international civil society is that it would provide a counterweight to the kind of globalization that is going on now – mostly driven by transnationals and banks.

What he is recommending may be the best political thing but it accepts the globalization of capital and says we have to now globalize our social control of capital. The other way of bringing the two into congruence is to say no I don't want a global governmental kind of control system I want to keep that national; so since capital has escaped national control let's push it back down under the nation state. I prefer the



Mats of devastation in the Brazilian Amazon. Whose growth? Whose benefits?

latter option. It may be that that is just not in the cards and if that were the case then I would say that ul Haq's view is certainly the next best thing. But I would first like to try and root capital nationally.

You make that argument quite cogently in your book *For the Common Good* where you apply it to the US economy but is self-sufficiency a real possibility for small Third World economies like Guyana or Mali?

It is true that the smaller an economy is the less self-sufficient you are going to be able to be. But to the extent that you are able you should at least try and achieve that.

And don't maximize your ties with the rest of the world, minimize them.

Is some of your commitment to self-sufficiency rooted in a belief that ecological solutions are just not possible without some decentralization of power?

Nation states that get together and sign a global treaty have to have sufficient power within their own borders to enforce those treaties. If the borders become porous to trade, capital and migration the power of governments to live up to treaties is very much reduced. Free trade and free capital mobility allows you to spatially separate benefits from costs. They become much more difficult to compare. If we are getting cheap beef from ranches that are on chopped-down rainforest then we don't really see the costs of erosion, lost species and displaced native peoples. It takes a big effort on the part of NGO campaigners to raise these costs up into our consciousness.

You are effectively looking for ways to establish popular control of the movement of capital. How's that going to take place in Costa Rica or Uruguay?

I think that is a real difficult question. I have no clear answer but I have a suspicion that the best way to control the flow of capital is not through direct controls but rather through an insistence on balanced trade – imports equal exports in the current account. Capital movements ultimately require an imbalance in the trade account. If you insist through some mechanism that trade should be roughly balanced then I think that will have the effect of controlling capital movements. There will be no reason for capital movements if they are not to be followed by real transfers of wealth. You estimate what your exports are going to be and limit your imports to that.

The World Bank has become infamous for its use of the latest fashions in development rhetoric without these much affecting its own core activities. Do you think that's fair?

To a certain degree it is. Basic needs, import substitution, export-led development, women

and development – those things are all a bit of the 'flavour of the month' at the Bank. They do breed a certain cynicism not only outside but also within the Bank. People tended to look at environment and development in the same way – 'let's not invest in it because pretty soon it will be gone'. That was a mistake. The environmental concern has not gone away – it has got stronger and stronger due to outside pressure and to some degree of internal conviction.

Do you think Southern distrust of Northern environmentalism is legitimate?

Oh sure it is. It's self-serving in many ways for the elites of the South but there is a great legitimacy to it. This is the main problem with pushing sustainable development through an institution like the World Bank that has leverage over the South but no leverage over the North. Because the main problem of sustainability resides in the North. It's the North that's overconsuming. It's the North that's pushed depletion and pollution to unsustainable limits. I think

'If we are reducing the capacity of the earth to support life then I think we just have to recognize that is wrong. People from traditional religions have no difficulty recognizing that. For them life and the world are God's gifts.'

that the South has every reason to be suspicious of the North and what I would really like to see is the South exerting some back pressure on the North and saying 'We recognize the reality of the environmental problems and recognize that we cannot generalize your levels of consumption to the whole world. But don't ask us in the South to take any actions that you have not already taken in the North.'

Is there still room for economic growth in the South?

I think we have already exceeded the real limits and we are destroying the eco-system already. So in the global sense I really don't think there is room for any more growth anywhere. However given the tremendous disparity between the North and the South it's very difficult just to say 'too bad, you got here too late so you stay poor'. The real way to make room for further growth in the South is to reduce growth in the North. The North should concentrate on efficiency and qualitative development and reduce the level of through-put. Maybe the South for a little while will have to increase physical through-put because of having so many people in such dire poverty. But we are going to pay dearly for that – it's a difficult thing because you are really trading the present for the future and the choices are difficult. If the South were to get serious about limiting population growth and the North were to get serious about limiting consumption that could be the basis of a North-South bargain where each side really did something.

It's very hard to imagine that any of these kinds of changes can take place within a notion of economic life that privileges selfishness.

I think that is ultimately a religious question of treating other people as your brother and sister and not being willing to have too big an inequality. We've escaped from that with the notion that we all grow, grow, grow and the fact that one person has more doesn't mean that someone else is going to have less. That's been an easy buying off of the inequality issue.

If we are reducing the capacity of the earth to support life then I think we just have to recognize that is wrong. People from traditional religions have no difficulty recognizing that. For them life and the world are divine gifts. Unless we get back to that kind of childlike acceptance of the gift and gratitude for it then I don't see that we are going to be able to base our restraint on anything. I don't see any self-interested rationalistic kind of model that is going to do much for the biosphere.

ACTION

THE CAMPAIGN

The 50 Years is Enough campaign is a loose coalition of groups from all over the world working to expose the negative effects of the globalization of commerce started at Bretton Woods on local economies and ecologies. Some are building support through local education and challenging the policies of GATT, the World Bank and the IMF on the ground. Others are bringing leverage directly to bear against the International Financial Institutions to get them to change their overall policies and practices. Here is their five-point platform for change.

- 1 The IMF and the World Bank should be completely open and accountable. Affected populations must participate in their decision-making.
- 2 Economic-policy reform programs should support equitable, sustainable and participatory development.
- 3 All environmentally destructive lending must end. Lending must instead support self-reliant, resource-conserving development that preserves biodiversity.
- 4 The IFIs must be scaled back and financial resources rechanneled into a variety of development-assistance alternatives. In particular the International Development Association (the soft-loan department of the World Bank) should be independent of Bank control.
- 5 All outstanding debt owed to the IMF and the World Bank by the world's poorest countries should be cancelled. In general multilateral debt must be reduced so as to free up additional capital for sustainable development.

ACTION GROUPS

There are a vast number of groups campaigning to challenge and change the politics of globalization as practised by the Bretton Woods institutions. Here are a few you can contact in order to stay informed and get involved. For a more comprehensive list contact Development GAP in Washington, DC (address below).

AOTEAROA/NEW ZEALAND

Campaign Against Foreign Control in Aotearoa, PO Box 2258, Christchurch. Phone: 3-366-3988.

Maori Congress Foreign Policy Committee, PO Box 5079, Wellington. Phone: 4-499-4605. Fax: 4-499-4608.

Christian World Service, PO Box 22652,

Christchurch. Phone: 3-3669-274. Fax: 3-3652-919.

Corso/ GATT Watchdog Group, PO Box 1905, Christchurch. Phone: 3-3662-803. Fax: 3-3652-919.

AUSTRALIA

Rainforest Information Centre, PO Box 368, Lismore, NSW 2480. Phone: (066) 218-505. Fax: (066) 222-339.

Community Aid Abroad, GPO Box 9920, Melbourne, Vic 3001. Phone: (03) 289-9444.

Australian Conservation Foundation, 340 Gore St, Fitzroy, Vic. Phone: (03) 416-1166.

CANADA

Inter-Church Coalition on Africa, 129 St Clair Ave W, Toronto, Ont, M4V 1N5. Phone: (416) 927-1124. Fax: (416) 927-7554.

Judith Marshall, Steelworkers Humanity Fund, 234 Eglinton Ave E, Toronto, Ont, M4P 1K7. Phone: (416) 487-1571. Fax: (416) 482-5548.

Action Canada Network, 804-251 Laurier Ave W, Ottawa, Ont, K1P 5J6. Phone: (613) 233-1784. Fax: (613) 233-1458.

UNITED KINGDOM

Christian Aid, Paul Brannen, PO Box 100, London SE1 7RT. Phone: (071) 620-4444. Fax: (071) 620-0719.

Third World First, Luis Reveco, 217 Cowley Road, Oxford OX4 1XG. Phone: (0865) 245678. Fax: (0865) 200179.

World Wide Fund for Nature, Barry Coates, Panda House, Weyside Park, Godalming GU7 1XR. Phone: (0483) 426444.

Oxfam, Kevin Watkins, 274 Banbury Road, Oxford OX2 7DZ. Phone: (0865) 311311. Fax: 0865 313172.

Friends of the Earth, Andrew Dilworth, 2628 Underwood Street, London N1 7JQ. Phone: 071 490 2665. Fax: 071 490 0881.

UNITED STATES

The Development GAP, 927 Fifteenth Street W, 4th Floor, Washington, DC 20005. Phone: (202) 898-1566. Fax: (202) 898-1612.

Food First, 398 80th St, Oakland, CA 94618. Phone: (510) 654-4400. Fax: (510) 654-4551.

Joint Ministry on Africa, 475 Riverside Drive, 16th Floor, New York, NY 10115-0109. Phone: (212) 870-3834. Fax: (212) 932-1236.

Campaign on Debt and Development Alternatives, 1025 Vermont Ave NW, Suite 300, Washington, DC 200045. Phone: (202) 783-7400 x208. Fax: (202) 783-0444.

Global Exchange, 2017 Mission St, Rm 303, San Francisco, CA 94110. Phone: (415) 255-7296. Fax: (415) 255-7498.

REST OF THE WORLD

All-Africa Council of Churches, Women's Desk, PO Box 14205, Nairobi, Kenya. Phone: 254-2-44-1483. Fax: 254-2-443-241.

Freedom from Debt Coalition, c/o Leonor Briones, School of Labour and Industrial Relations, University of the Philippines, Diliman, Quezon City 1101, Philippines. Phone: 63-2-989-085. Fax: 63-2-962-656.

Ibasa, rua Vicente Souza 12, Rio de Janeiro RJ, 22251 Brazil. Phone: 55-21-286-6161. Fax: 55-21-286-0541.

UBINIG, 5/3 Barabo Mahanpur Ring Road, Shaymoli, Dhaka, 1207 Bangladesh. Phone: 880-2-329-620. Fax: 880-2-413-065.

Berne Declaration, c/o Peter Bosshard, Quellenstrasse 25, Postfach 8031 Zurich, Switzerland. Phone: 41-1-271-6434. Fax: 41-1-272-6080.

The Development Institute, c/o Martin Atherton, PO Box 109, Roseau, Dominica. Phone: 809-448-0666. Fax: 809-448-3855.

RESOURCES

Here are a few useful educational tools which might help you get a grip on the issues and pass the word onto others.

PRINT

Dark Victory by Walden Bello of the Institute for Food and Development Policy is an excellent summary of the impact of structural-adjustment

policies on the Third World. This slim volume is crisply written and provides an excellent tool for study groups and campaign activists. Available from Food First, 398 80th St, Oakland, CA 94618 USA. Phone: (510) 654-4400. Fax: (510) 654-4551. The \$15.50 includes shipping within North America. Available from Pluto Press in the UK.

BankCheck is a lively quarterly newsletter published by the International Rivers Network that uses wit and a sharp intelligence to keep on top of all the latest machinations of the World Bank. Subscriptions are highly recommended and cost \$25 (\$15 low income). Send cheques to: BankCheck, c/o International Rivers Network, 1847 Berkeley Way, Berkeley, CA 94703, USA.

Ampo a good quarterly magazine on economic issues in Asia published by the Pacific-Asia Resource Centre, PO Box 5250, Tokyo International, Japan. Subs - \$28.

The Other Side of the Story: The Real Impact of World Bank and IMF Structural Adjustment Programs. Available from Development GAP (address above) is an indispensable guide to the groups and activities of the 50 Years is Enough campaign. Full of contacts and sharp analysis. A good buy at \$5 in the US and \$6 for the rest of the world.

Eurodad, Vialbekestraat 11, Brussels B-1060, Belgium. This European charity has an excellent reproduction service of documents relating particularly to Third World debt. Phone: 32-2-539-2620. Fax: 32-2-539-1343.

For the Common Good: Redirecting the Economy Toward Community, the Environment and a Sustainable Future by Herman E Daly and John B Cobb (Beacon Press, Boston 1989). This is a more ambitious read but well worth the effort. One of the best ecological critiques of conventional economics.

AUDIO-VISUALS

To Be a Woman is a powerful presentation of the stories of women in Ghana, Uganda and Zambia as they battle the effects of structural adjustment. Available for \$35 from Canada's Inter-Church Coalition on Africa (address above). Orders outside the Americas to All Africa Council of Churches (Nairobi address above).

Also two excellent videos – the witty Debt Crisis: An Unnatural Disaster (1991) from Jamaica and Hell to Pay (1990) which chronicles the effects of structural adjustment on women in Bolivia. For purchase information contact Film Frame Film and Video, 394 Euclid St, Toronto, Ont, M6G 2S9, Canada. Phone: (416) 950-8338. Fax: (416) 324-8268.



Room at the top. The millionaire Medinas at home in Rio.

of Western overconsumption worldwide. The Bank is a very top-down kind of place which creates a great tendency to please your boss – people know what the party line is. As in so many places people put a shorter leash on themselves than anyone objectively puts on them. But there are enough cases of people being jerked up short on their leash. It's a very stressful place to work with a kind of go-go push-push atmosphere. There is also the golden handcuff – people are well paid. Most people could not match their Bank salary at their next best alternative. Because people are in a position to lose quite a bit they are not as independent or outspoken as they might be.

Some insiders in the Bank describe the current atmosphere there as a malaise. Do you think that's fair?

Yes. It stems from many sources. There is grousing because of the extreme degree of hierarchy. Who ends up as your immediate superior is a very important fact of your life in the Bank. But probably the most important depressing factor is the degree of external failure. Many people there really try to do good in the world but after three years or four years they see things doing the opposite of what they expected. There's a



Bundle of joy. Unfortunately all these Sierra Leone banknotes amount to no more than \$250.



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Susan George

- Two million people worldwide are being forcibly evicted by current World Bank projects
- Vast swathes of rainforest have been destroyed by World Bank funded projects
- Over 1/3 of Bank projects fail by their own criteria, a Bank review found last year
- Between 1982-1990, IMF and World Bank SAPs led to the destitution and impoverishment of millions of people

1994 sees the 50th anniversary of the foundation of the IMF and the World Bank. But with their past record of ecological destruction, social dislocation and the impoverishment of more and more people, 50 years of maldevelopment are no reason to celebrate!

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Third World First is celebrating its 25th birthday in 1994/1995

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FRONT COVER ILLUSTRATION: **CHUM McLEOD**,
 MAGAZINE DESIGNED BY **ALAN HUGHES**.

THIS MONTH'S THEME

Bretton Woods

FROM THIS MONTH'S EDITOR

WHAT the hell is Bretton Woods and what kind of beasts lurk there? And if you aren't strolling through it at night why the hell should you care? In a sense we are all strolling through Bretton Woods and are prey to the beasts that were born there at a conference way back in 1944 – the International Monetary Fund (IMF), the World Bank and the General Agreement on Tariffs and Trade (GATT). And if your job has been gobbled up by the international economy or you are suffering from government cutbacks – you'd better look carefully for the teethmarks of Bretton Woods. This year the beast turns 50 and we at **NI** felt that it was worth a venture through the forest of international economics to explore how Bretton Woods is still shaping the lives of all of us – North and South.



This issue is very much the product of the '50 Years is Enough' campaign. This campaign has grown out of Third World frustration with the way the rules established at Bretton Woods have been rigged against the South. For decades Third World critics have complained about the high-handed fashion in which the World Bank and the IMF have tried to impose their economic blueprint. The human and environmental costs of making the South 'competitive' have been high indeed. This is a realization that is also beginning to dawn on trade unionists and activists in the North as they see their communities and livelihoods decimated by the ravages of 'globalization'.

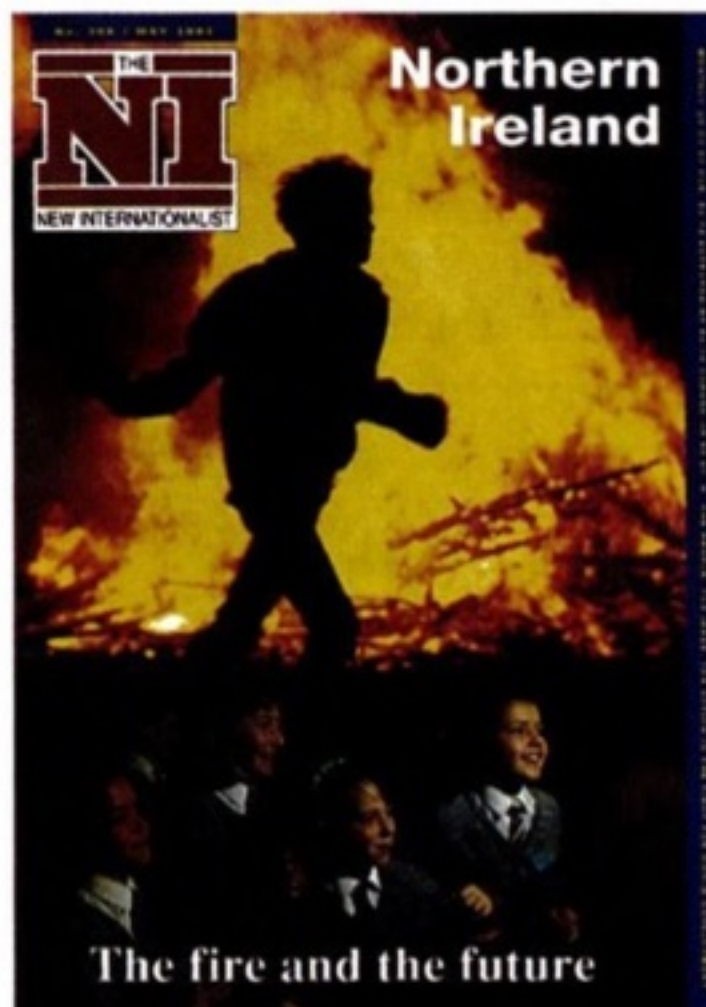
The issue came together at the suggestion of Doug Hellinger at Development GAP in Washington DC, and owes much to the hard work of Cheryl Brown and Ross Hammond of the same organization. They are of course not responsible for the final product. Perhaps even more thanks is due to those activists in the Third World who have risked careers and even personal safety to expose the negative effects of globalization on their societies. The anti-anniversary campaign gives us all an appropriate opportunity to say 'enough!' and end the silence about alternatives to the unsustainable economic model spawned at Bretton Woods.

A theme we keep returning to these days at **NI** is the challenging of conventional understandings of various histories – Columbus, the Gulf War and now Bretton Woods. This is not due to some morbid preoccupation with chewing over old bones. Rather it is because we find that 'the present is history'. Only by tracing the problems of the present to their roots in the past can we hope to move beyond them.

Richard Swift
 for the *New Internationalist Co-operative*

Colony and class

One important question that you did not deal with in adequate depth in your useful issue on *Northern Ireland* (NI 255) was about Ireland as a British colony. This was not just about economic exploitation but was also a way of diffusing pressure



for social change in England. For example, Oliver Cromwell's Irish massacres were a conscious means of taking the radicalism within his army out of the country.

The continuous promotion of colonialism and imperialism thereafter succeeded in preserving the power of an ancient ruling élite in England. It also laid the foundations for the modern international capitalist system. Had the Revolution in England succeeded, it might have brought about a very different culture. As the historian Christopher Hill put it: 'Rejecting private property for communism, religion for a rationalistic pantheism, mechanical philosophy for dialectical science, asceticism for unashamed enjoyment of the good things of the flesh...its ideal would have been economic self-sufficiency, not world trade or world domination.'

We need to become conscious of the social and psychological perversion that has been perpetrated and to exorcise it; not only in order to create a better society but because the world economic system has little more time to run before it destroys the physical and ecological basis both of its own existence and of any possible happy resolution to the human condition.

Adrian Atkinson
London, UK



The **New Internationalist** welcomes your letters. But please keep them short. They may be edited for purposes of space or clarity. Include a home telephone number if possible and send your letters to the nearest editorial office. The address is inside the front cover.

Addicted to killing

The thing that depresses me most is the pleasure people take in killing each other. Whether in Rwanda or Bosnia, Ulster or Palestine, Somalia or Brick Lane in London, the preferred way of settling a dispute is to kill someone.

Your issue on *Northern Ireland* (NI 255) brought this to mind. There is no longer in that province any issue that cannot be resolved by argument or that is worth a single human life – but the IRA and the UDF are now so addicted to killing that they neither can nor will stop. What it comes to is that the ethic of tribal war is deep-rooted in the human psyche and I despair of ever eradicating it.

Charles Phillips
Bromley, UK

Not very brave

Your letter from Anon. of Gloucestershire (NI 254) was nothing more than a threat from a man to women. He states that 'a crackdown on pornography that worked would simply drive a minority of very tense, frustrated men into rape, indecent exposure and abuse'. So all women should accept the use of women's bodies as images to be abused to stop people like him raping us?

Every time women try to change the world to make it a more equal place we are threatened (apparently gaining the vote was going to make us grow lots of facial hair!). If people always gave in to the threats of those who try to dominate none of us would get anywhere. If this man and others feel they are incapable of controlling them-

selves then they should seek help. They are the ones with the problem.

Rape is not about erotic pleasure; it is about hurting and dominating. I don't think people should be threatened into accepting pornography when they feel it is destructive to the safety and rights of women. And I don't think writing anonymous letters about your misogynist views is very brave.

Dahlian Kirby
Leeds, UK

Expert articles

I agree with Nicholas Gillett – *Letters* NI 254 – that issues like *East Timor* (NI 253) draw attention to a problem without suggesting a solution. In that particular case the leaders of two countries (the US and Australia) agreed to the invasion of East Timor by Indonesia, an act which resulted in the death and genocide of 200,000 people. Clearly the Security Council should set up a tribunal to try those guilty of genocide, decide how the present situation should be dealt with and be prepared to enforce its decisions with sanctions and if necessary with military action. All this should be discussed in articles by experts on the region. The same is true of a lot of other issues – Latin America, Tibet, Angola and so on.

Having decided what should be done, those concerned with these particular issues should put their case to Heads of State, the Security Council and ambassadors to the UN – not by writing letters to local MPs.

Dr T Lukes
London, UK

Editor: we feel that action needs to be taken at all levels – including lobbying local MPs.

Exporting poverty

I am concerned about a matter which rarely seems to get publicized: the export by Western companies of their more labour-intensive, often production-based work to developing countries. This 'shift' takes several different forms, from setting up a branch factory to simply contracting out or even hiring staff in 'developing' nations to work in the West.

I have personally experienced the latter situation while working on a ship in the North Sea crewed by Filipinos. My current company is starting to contract out labour-intensive computer-operator work to companies in Poland and India. And a recent television programme highlighted the problems caused to the local community in Detroit caused by General Motors' decision to shift its production factory to Mexico.

Can anyone tell me if the benefits of international trade actually reach the workers in developing nations in terms of acceptable working conditions, wage rates, workers' rights etc? Are there union regulations?

It is all too easy to pretend we are benefiting developing economies and their people while at the same time causing exploitation on a huge scale.

John Maslen
Edinburgh, Scotland



Polio vaccines

Your *Update* (NI 253) on polio quoted some interesting statistics. Readers might like to know that in 1985 the World Health Organization and national governments got together with the Rotary Foundation and set up a Polio-plus programme with the aim of eliminating the polio virus worldwide by the year 2000.

By mid-1993, worldwide, 500 million children had been vaccinated; grants had been

made to 98 countries of over \$US 181 million and up to 1992 no cases of polio had been reported in 132 countries.

D C W Cook
Rotary Club of Girvan Barr, Scotland

Lame excuses

John Pilger is quite right to deride statements by British ministers in your issue on *East Timor* (NI 253) that, for example, the British Aerospace Hawk aircraft supplied to Indonesia could only be used 'for training'. Anyone capable of reading a specification can see that the basic aircraft is designed and built to carry a whole variety of weapons – bombs, rockets, cannons and napalm.

After World War Two, Allied war crimes investigators were told by some of the German firms that made gas-chamber equipment for the Nazi death-camps, that they 'didn't know' what it would be used for, or that their companies needed the business, or even that 'if we hadn't supplied the equipment, our competitors would have done so'.

Are these not remarkably similar excuses to those being offered now by the British Government for selling anti-civilian weapons to almost anyone with the money to pay for them? No-one likes to see good workers out of a job. But if instead of weapons for mass-murder, Britain's government and industry would concentrate on the huge demand for consumer goods in the vast markets of the East, weapons exports might be reduced with no threat to jobs.

Len Clarke
Uxbridge, UK

Petra Kelly

I was moved by a BBC programme on Petra Kelly, showing that the murdered Green activist is now almost forgotten in her own country. Would interested readers write to me with constructive ideas on how Petra Kelly's memory and work could be kept alive?

Annette White
10, Beresford Dale, Madeley,
Crewe, CW3 9ET

The views expressed on the letters page are not necessarily those of the NI.

Letter from Lagos

Home and Abroad

Nigerians are leaving their country in droves in search of a better life 'over there'.

Elizabeth Obadina is determined not to follow them.

I MUST be the only person I know who felt glad to come home to Nigeria after the Easter holidays. There was no electricity, still no petrol, the phone had been cut and the house smelt mouldy and damp. All my friends were profoundly depressed and couldn't understand why I hadn't stayed with my kids 'over there'. 'At least your kids would get the chance to go to halfway-decent schools,' my friend Aji said.

Last year, in desperation, she had bundled her eldest off to live with her godmother and acquire a clutch of A-levels.

'Maybe later,' I replied. We've had this discussion many times and this holiday my kids lost yet more of their classmates to 'over there'. They are now scattered around the world: Texas, Edinburgh, Washington DC, Bahrain, London. In some cases they followed a parent who had moved to a better job. In others they went alone to stay with grandparents, aunts, uncles and friends to continue their secondary schooling.

But we haven't quite reached the secondary examination or university years and our jobs are here in Lagos, so for as long as possible we hang on in together, whilst all around us other families are peeling apart.

Besides, Easter in the UK had brought me six hospital visits to different relatives around the country and the sorting out of a funeral. Old friends had been made redundant and my brother complained bitterly about tax increases. I borrowed my mother's car and it was stolen. The children bickered because I refused to buy fifty-pound computer games and designer-label boots and clothes. I couldn't honestly say that life was better 'over there'. I'd had a dreadful time and was glad to be home.

Perhaps in a year's time, or perhaps sooner, I'll be singing a different tune. Different people have different breaking points. For Nurse Lawal it had been the realization that even a junior hospital nurse was earning 15 times more than she was as the matron of a small hospital in Abeokuta, a provincial town 60 miles north of

Lagos. Nike, my daughter, met Nurse Lawal in the casualty department of a large hospital in north London. It was Nike's first trip to the UK on her own with her brothers, and her diabetes had been one of my main worries when shipping her off. The day after she arrived, she blacked out in Finsbury Park. She wasn't wearing her ID bracelet nor was she carrying emergency sugar. 'But,' she happily told me later, 'I was never

worried because I knew I was in England and people would know how to help me. If it had happened in Lagos I'd have panicked for sure.' The irony of being rushed to hospital by a Nigerian taxi-driver and being tended to by a Nigerian nurse was completely lost on her.

I don't know what that particular mini-cab driver's story is but my own family counts two London mini-cab drivers in its ranks; young men with Masters' degrees in animal husbandry and civil engineering. They both left Nigeria rather

than face continuing unemployment at home. They are not alone. Nigerian teaching hospitals and universities have lost all their best brains to foreign countries. An early 1993 BBC staff magazine was waiting for me when I got home – having taken a year to meander through the Nigerian postal system – and I read of a technological breakthrough made by two BBC engineers. One was a Nigerian.

There is a siege mentality developing amongst Nigerians left at home. Most have long ago foregone all hope of job satisfaction and are concentrating on day-to-day survival. Everyone knows there are problems 'over there' as well, but what could be worse than those at home? Last year Nigeria's military destroyed the political hopes of the nation and co-opted its erstwhile civilian political opponents. Now the name of the game is 'everyone for themselves'. And for anyone with the wherewithal to leave, 'over there' seems to present a much better bet than 'over here'.

Elizabeth Obadina is a freelance writer and journalist living in Lagos.



MIRIAM MCCURDY

Squeezing the South

50 years is enough



JULIO ETCHART / REPORTAGE

*Activists from all around the world are challenging the economic gospel according to Bretton Woods institutions like the World Bank. **Richard Swift** tests the winds of change.*

MONTSERRAT'S not going to get a toxic waste dump. At least not yet. You might well ask why this tiny Caribbean island, the Emerald Isle of the Leewards, would even consider letting a US toxic waste dumping company set up shop in the first place. Montserrat, one of the last British colonies, is just 21 kilometres long by a couple of kilometres wide. Except where the goats have played havoc with the vegetation it is a lustrous green most of the year. Tourism of a quiet and mostly unobtrusive sort is the main foreign-exchange earner. Not a good mix with toxic waste, one would have thought.

That's exactly what most Montserratians felt when they heard that local politicians had been in intense negotiations for over a year with a US multinational named, with typical euphemistic panache, Energy Processing and Supply. Opposition quickly mounted. A local doctor wrote a scathing critique in the island paper where he drew a vivid picture of cruise ships emptying passengers among the toxic-waste drums on the docks of the island's capital, Plymouth.¹

This is a small story about a small place but it illustrates the inexorable pull and push that draws the countries of the Third World into the global economy – no matter

what the costs to their people and eco-systems. The pull is obvious enough: the American Dream bounced off TV satellites into the most modest of homes in surprisingly remote corners of the Third World. The push is more complicated: a subtle combination of budget and trade deficits, and debt obligations. But together this lends a seemingly unstoppable momentum to the race to get as big a slice as possible of the illusive global economic pie.

This momentum is exactly what the Bretton Woods Conference held 50 years ago this month was all about. When the world leaders gathered in that fashionable



JULIO ETCHART / REPORTAGE

Trade politics hit the street: Mexicans rally to oppose GATT and the North American Free Trade Agreement.

old resort hotel deep in the hill country of New Hampshire their agenda was clear: they aimed to bury forever the nationalistic protectionism they saw as the main culprit in creating the Great Depression of the 1930s. To do this they put in place the pillars of a global economy where borders were to be as porous as possible to goods and capital from anywhere in the world. As part of the design they set up two key institutions, the International Monetary Fund (IMF) and the World Bank, to deal with problems that might lead governments to inward-looking economic policies. This was followed shortly by another organization, the General Agreement on Tariffs and Trade (GATT), which set the rules and pressures for open economies and free trade. Together with the regional development banks these are collectively known as the IFIs, an acronym for international financial institutions.

These were not neutral economic mechanisms set up to co-ordinate the world economy: they contained a powerful bias in favour of global competition and corporate enterprise. There were warnings of problems ahead from a few discordant voices, the most prominent of which was the emi-

nent British economist John Maynard Keynes. He advocated a balanced world trade system in which surpluses and deficits would not be allowed to accumulate and there would be strict controls on the movement of capital across borders. He held that the free movement of all goods and capital, advocated most powerfully by the US delegation, would inevitably lead to inequalities and instabilities.

Costs of globalism

From the standpoint of 1994 these warnings seem all too prescient. Today budget and trade deficits plague most countries in the world. The debt load on all governments, but particularly those of the Third World, has crippled their fiscal capacity to look after their citizens. Capital moves so freely that it is often impossible for governments to find, let alone tax. Corporations treat the world like a global chessboard bidding down wages and taxes, avoiding environmental regulation and pillaging natural resources. Their right to do this is no longer even considered controversial. They are courted by politicians of all political stripes. The stability of communities from rural Zambia to Bangladesh and even the

decaying rust-belts of the US heartland or the British Midlands are casually undermined by processes that appear 'natural' but were in fact carefully constructed at Bretton Woods.

Abandoned factories and children who make a living on the street seem light years away from that magnificent temple to money, the IMF building on 19th Street in downtown Washington. At the IMF it isn't easy to get past security. It seems like 5 per cent of black Washingtonians are employed to keep the other 95 per cent out of such white inner sanctums. If you are curious about the IMF you will be directed to the well-appointed Visitors' Centre complete with art gallery just next door. There, if you are interested enough (few were the rainy December afternoon I showed up) you will be shown a video tellingly entitled *One World, One Economy*. It's a choice piece of propaganda for a globalist worldview that doesn't really seem to need propagandizing any more, becoming as it has the common sense of our age for most economists and politicians. In the video a parade of besuited, mostly white men lecture on the merits of IMF medicine for ailing economies. It has some real classics of

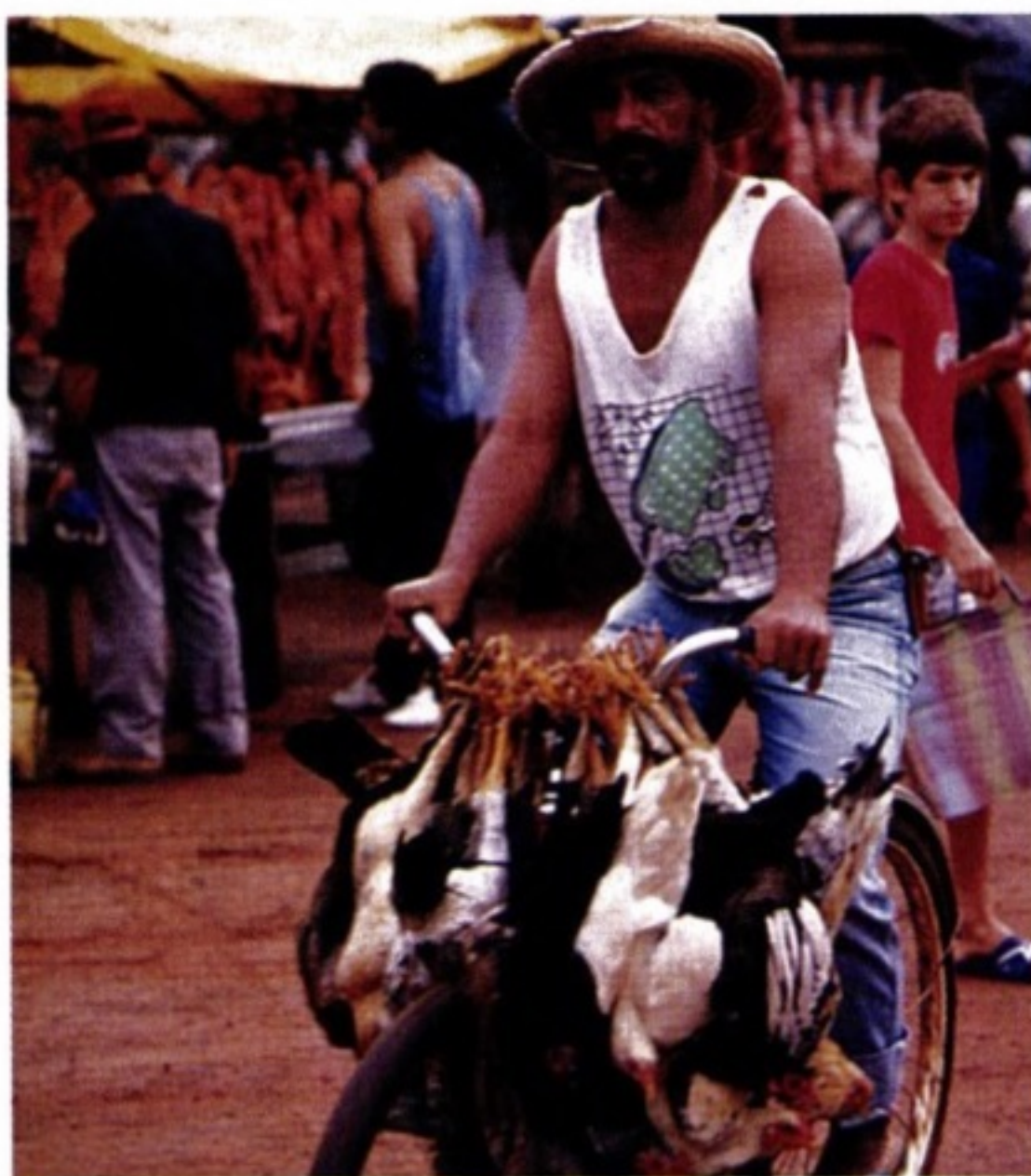
understatement such as 'While the Fund cannot force its members, the Fund's suggestions are taken seriously.' A parade of faces of colour speak gratefully about the wisdom of IMF policies in their countries.

The debt crisis of the 1980s which really gave the IMF and the World Bank (the huge hulk on the other side of 19th street) leverage over desperate Third World economies is referred to mildly: 'A workable solution was required to avoid defaults that would severely damage debtor countries, as well as financial institutions'. The solution, structural-adjustment programs or SAPs, proved a lot more 'workable' for the big international banks who got their interest payments than it did for the laid-off public-sector workers of Latin America or for the African families who can no longer send their kids to school because of SAP-related 'user-fees'. These ordinary people were the ones who had to do the 'adjusting'. This issue contains two articles – by Ayesha Imam on Africa and Mark Fried on Latin America – who provide chapter and verse on the human and environmental costs of structural adjustment.

When the dust had settled, the 'short-term pain' of the SAPs had not got rid of the debt: total Third World debt actually shot up from \$751 billion in 1981 to \$1,355 billion in 1990. What it had done was to pry open Southern economies to the world market. The formula was deceptively simple: international competition would result in growth that would be good for everyone. And this glittering promise of the global economy remains for most policy-makers, North and South, the only game in town.

But growth has proved elusive. There has been significant economic growth in some adjusting Latin American and Asian countries and new élites have profited handsomely from the privatizing of public industries. But for every South Korean success story there are dozens of unmitigated failures such as the Ivory Coast and Venezuela where absolute destitution has sky-rocketed. A recent World Bank study, *Adjustment in Africa*, which makes great claims about the success of SAPs on the continent, is so full of holes that the usually restrained British agency OXFAM-UK was forced to characterize it as 'a blend of half-truths, oversimplifications and institutional propaganda'.

But if the grand architects of Bretton Woods have through their design managed to defeat 1930s-style protectionism they have been less successful with that other scourge of the Depression, unemployment. While total world output has doubled since 1975, employment has actually declined.² The global economy with its emphasis on reducing labour costs and on currency or property speculation does not put a high priority on providing sustainable livelihoods. An underlying assumption of the growth economy is that



Market day in Roulia de Moura, Brazil. People's basic needs are best satisfied locally, not by globalization.

Northern-style overconsumption can be achieved by every society on the globe. Only recently has attention started to be paid to the ecological impact of such a design.

Those who speak for the IFIs are genuinely puzzled when the Bretton Woods institutions are blamed for such problems. They are simply messengers pointing out the obvious: dispensing the advice necessary to survive the rigours of the global economy. They point to their limited budgets, a few billion dollars and a few thousand personnel, when an estimated trillion dollars crosses borders every day in response to the slightest change in currency and interest rates. They point to their minimal influence over the industrial North and even the larger Third World governments like those of China and India.

Poor pay the piper

But the role of these institutions cannot be reduced to their budgets. They help create and maintain the rules for the global economy. They sustain its momentum and make sure that any alternative vision proves impractical and unworkable. The lack of their 'stamp of approval' makes it virtually certain that freethinkers like Sandinista Nicaragua will be starved of capital and subjected to rigorous external pressure. If problems occur such as the 1980s debt crisis, the IFIs guarantee that any resolution will respect the interests of Northern fund managers and banks first. The price will be paid in the shantytowns of Lima and on the family farms of Uganda. In Africa the IFIs have taken over the bulk of public debt and now directly wring payments out of enfeebled African economies. As a result both the World Bank and the IMF now take more out of the Third World in repayments (even from the poorest countries) than they

provide in new finance.

Nobody talks about a debt crisis any more, but while it no longer endangers world financial institutions it is still very much a crisis for those who have to pay. Along with the opening up of Third World economies, this transfer of the debt burden from the rich to the poor has been the IFIs' greatest triumph. Their greatest failure has been in delivering the orderly world financial system that Bretton Woods promised. Narrow technocratic thinking and cynical power politics have put short-term gain ahead of stability. Public finance the world over is in a mess. Private wealth and public squalor are the order of the day. It is written right into the World Bank's constitution that it cannot fund projects that compete with private enterprise. The IFIs have exerted consistent pressure to minimize state involvement in economic life from Bogota to Bangkok. This despite the clear evidence that the development success stories of Asia (Taiwan, South Korea, Malaysia and Thailand) have all involved strong government intervention to order society, protect the domestic economy and promote growth.

The irony is that in many ways the IFIs show the same weaknesses they criticize in government bureaucracies. Their bloated and privileged staffs resemble more the command economies of old-style Communism than the lean mean private sector they celebrate. While they lionize risk-takers there are no risks attached to an IFI loan: a government (or rather its benighted citizens) has to pay it back no matter how wasteful or ill-considered it was in the first place. The distance between an IFI head of mission who lives in a comfortable Virginia suburb and a hard-pressed Argentinian pensioner or a mother in Benin struggling to keep her family alive is just too great. Staffers are too well insulated from the effects of their own advice.

The IFIs' single-minded insistence on an export-driven growth formula also shows the weakness of centralized economic decision-making. Whether we are talking about huge transnational corporations, over-ambitious state planning or the global economic management ambitions of the IFIs, wasteful diseconomies of scale are inevitable. The IFIs' loan portfolio is a prime example. It leans towards big loans for big projects such as dams or port facilities that will 'aid international competitiveness'. It is a lot easier to manage one big loan than a lot of little ones. Unfortunately experiences like those of the Grameen Bank in Bangladesh and its support for micro-enterprises shows that it is many small loans that work best in spreading economic benefits.

The research and on-the-ground experience which shows this is conveniently ignored. Small loans usually don't build up

a country's capacity to earn foreign exchange and therefore don't help pay off debt. But more exports don't necessarily help either. Producing more of a cash crop tends simultaneously to lower its price on the world market. This has cancelled out any significant gains for five of Africa's main exports.³

Killing the alternatives

The message echoing down the decades from those heady days in New Hampshire is always the same: 'there is no choice'. GATT has set the rules for the global economy and the IFIs must enforce them. The slash-and-burn economic policies adopted both South and North are the only way forward. Economies have to compete on the world market no matter what the human costs. There is simply no alternative.

This is of course the big lie. State socialism has collapsed, but that was never the only and certainly not the best alternative to global capitalism. There is a rich vein of alternative economic initiatives and ideas: co-operatives, self-managed enterprises, various mixes of private and public sector, eco-development, ideas for a diversified regional and community-based economics, innovations in planning the economies of cities, fresh approaches to taxation, and blueprints for converting military production to basic needs. In each of these alternatives the people affected would have more power over decisions and the health of the environment would weigh heavier in economic calculations.

Small may be both beautiful and possible but the decisions taken at Bretton Woods make it unlikely. After all why waste time and resources trying to do things differently when you can earn good foreign exchange

from toxic waste dumps, exporting weapons, depleting your natural resources and letting transnationals exploit your workers?

There is another less discussed cost of a global economy directed by those who control international capital. Gradually democracy itself is slipping through our fingers. Today it hardly matters if a finance minister comes from the Left or the Right if their main concern when preparing a budget is how the IMF and the money markets are going to react. Voters may support anti-SAP politicians as they have in Venezuela, Argentina and Brazil, but those who buy and sell government bonds and hold the national debt will see to it that SAPs get implemented anyway. But people and politics have proved a lot less malleable than economics to the IFIs' designs for global management. In Eastern Europe structural adjustment has produced results inconceivable a couple of years ago: the political rehabilitation of the Left. In Hungary, Lithuania and Poland the Socialists have become the most popular political party.

A much more disturbing by-product of adjustment has been the stoking of anti-immigrant feeling and lifeboat ethics across the industrial world. The economic dislocations accompanying the IMF-encouraged market reforms in Russia and eastern Germany have helped set in motion a vicious nationalism based on race and violence; the fascist Right have been revived in both Rome and Berlin. These are just the kind of political developments Bretton Woods was intended to forestall.

It is in the Third World, however, that the breaking of glass and the explosion of tear-gas canisters have formed a recurrent soundtrack of protest. Enraged citizens from Cairo to Caracas are taking their inse-

curities about the global economy to the streets. At its worst this has led to authoritarian politics (the dictatorship of Alberto Fujimori in Peru) or political pathologies such as Islamic fundamentalism that reject not only the superficialities of Western materialism but most recognizable forms of democracy as well.

More promising is the emergence of 'internationalism from below' as networks of activists from North and South come together to expose the impact on livelihoods and environment behind the globalist cant. Organizations have sprung up on every continent and in any country that allows them the political space to operate. So far the main activity of these networks has been to challenge the priorities of the export-driven growth model of development. They have been in the forefront of opposing the structural-adjustment policies of the IFIs. It is this 'internationalism from below' which has put the reconsideration of the decisions and institutions of Bretton Woods on the agenda. For them 50 years is enough!

To have real effect, however, this citizens' movement needs to move beyond opposition to proposition. Grassroots organizations the world over are seeking an economics driven by community need rather than export opportunities. Strategies will vary, but the emerging common thread is the rejection of the grand designs and globalist illusions of Bretton Woods as undemocratic and anti-ecological. Bretton Woods stands as a cement block in the path of rethinking what a peaceful and sustainable world might look like. The words of singer Jackson Browne could be directly addressed to the eminent group pictured below: 'Boys, boys, this world is not your toy. This world is long on hunger. This world is short on joy.'

Boys' Club: the executive board of the World Bank. President Lewis Preston is on the far left – the Bank's President is always from the US.

1. The Montserrat Reporter, 14/1/94 2. Mahbub Ul Haq, Bretton Woods Institutions: *The Vision and the Reality*, North – South Roundtable, Bretton Woods, New Hampshire. 3. Salim Lone, *Troubled Adjustment Efforts*, African Recovery, UN, Vol. 7 no.3/4.



That martini magic

In a candid moment of self-congratulation one of the movers and shakers at the World Bank reveals his deepest thoughts about the nobility of the cause and the carping critics who dare defame it. Bank watcher Joanne Henderson is the fly on the wall.

LADIES and gentlemen, thank you for asking me to say a few words this evening as we celebrate the twenty-fifth anniversary of the Bretton Woods Recreation Centre. The magical combination of playing golf and sharing martinis helps cement friendships and business deals. If we could export it in cans I'm sure it would contribute greatly to solving balance-of-payment problems. Perhaps our good colleagues over at GATT might even agree to qualify the combination as an intellectual property right.

As a member of the World Bank team that handles our relations with outsiders I'm often asked about this place. The requests sometimes come from our critics. Instead of taking the time and care properly to evaluate our worldwide efforts in the cause of development, they seize on any little 'extravagance' to defame us.

So let me share with you the answer I have prepared for them.

'The World Bank does not own a golf course. The IMF operates the Bretton Woods Recreation Centre which was established in the 1960s when similar Washington area facilities were racially exclusive. Bank staff can obtain associate

memberships at the unsubsidized rate of \$1,850. Our staff hold only 225 odd of the 450 associate memberships available to non-IMF international organizations. This out of our total staff complement of 6,800.'

There. That sets the record straight.

It is a privilege to reflect tonight on another anniversary – that of the Bretton Woods institutions themselves. Particularly the institution which I have been honoured to serve for some two decades now – the World Bank.

It is a happy irony that it took a Third World government, that of Morocco, to set the proper tone for our celebration. On 15 April they placed an ad in the *New York Times* which set out a clear message about our past, our present, and our future. It read simply:

1944 Bretton Woods: The IMF and the World Bank

1945 San Francisco: the United Nations

1994 Marrakech: The World Trade Organization

History Knows Where It's Going

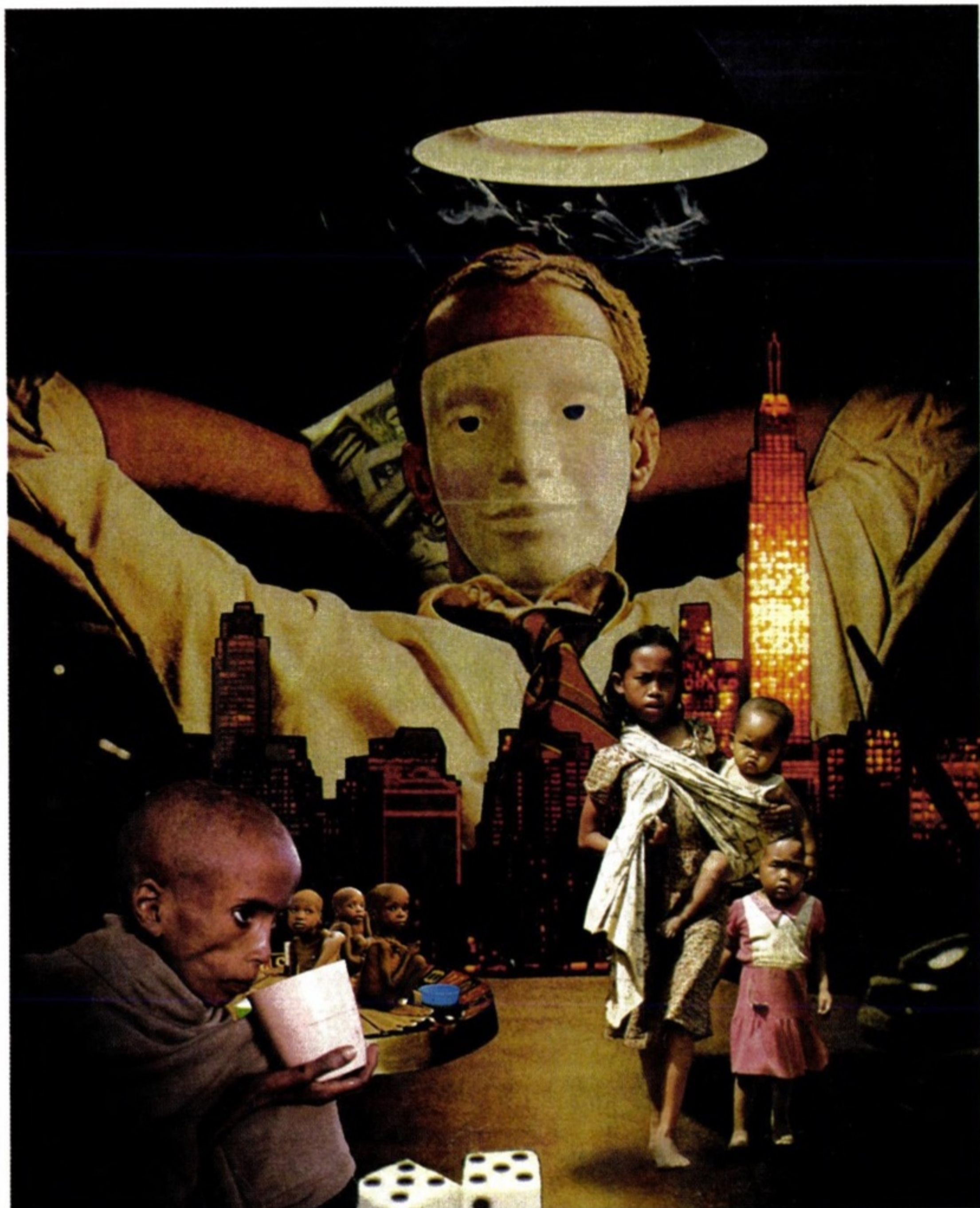
The ad goes on to describe the new World Trade Organization as the 'third pillar of the New World Order'.

To some, proclaiming oneself a pillar of

the New World Order might appear an illusion of grandeur, a sign of the inebriation that often accompanies power. But I say to you, ladies and gentlemen, that it is an honest statement. A statement of pride. And that is really what I want to talk about tonight: pride. Because I believe that for a long time now we have had a dip in the sense of pride about our vision and accomplishments.

When I first started at the Bank I couldn't believe my luck. As public-relations opportunities go I couldn't imagine a better set-up – an institution with the beneficent mission of helping the poor, the hungry and the sick. The World Bank. Visions of planetary unity. It was as if the world had lent its name to the institution out of respect and honour.

So we begin with a noble cause grounded in 50 years of history. There have been criticisms but the Bank welcomes constructive criticism. It is only in the last few years that our critics have started to become shrill. This minority of low-budget professional troublemakers has chosen the Bank as a scapegoat for all the world's ills – and unfortunately they have at times won the ear of the media. Of course people of



PHOTOMONTAGE: RICHARD SLYE

real influence, North and South, see at first hand the benefits of our programs and policies. They realize the value of introducing some old-fashioned discipline into the chaotic world of development economics. They know there's growth enough for everybody – the nations to whom we lend money as well as those doing the lending. Contracts for roads and dams. Contracts for mines and power plants.

So why, with the grandeur of our Mission and the abundance of first-rate talent that we have gathered from around the world to accomplish it, are we suffering from what I can only describe as a withering of self-esteem? We have been dragged down by an annoying combination of carping criticism from the outside and damaging internal bickering and power struggles on the inside. All too often these find their way into the press.

The problem is, of course, leadership. There hasn't been any real leadership, in my opinion, since Robert McNamara left the Bank in 1981. Now there was a great World Bank president. He was a visionary and knew good PR when he saw it too. And if it wasn't there he was perfectly capable of inventing it. When he said this was a bank for the poor, by God, people believed him, and all of those clay-footed butterballs at the US Congress came up with the money to increase Bank lending five-fold. What I wouldn't give for another McNamara!

But today the loss of our old swagger has left us vulnerable to further bludgeoning by our detractors. An unholy alliance they are too. Right-wing conservatives with no desire to help the poor, working hand-in-glove with a naive bunch of environmentalists and champions of human rights who don't know beans about what it means to be poor. Stop this. Stop that. Stop development is what they mean – leave the Third World to run itself on candle light and miniature windmills!

As for the outburst of publicity garnered by vocal activists in the Third World itself with all their crude jargon about recolonization – journalists should take a deeper look. What they would find, if only they had eyes to see, is a movement of left-wing agitators, many of them communists, clinging desperately to their dying ideology and using us as their scapegoats. They claim the Bank and the Fund aren't helping the poor. Their quixotic notion seems to be that the poor can help themselves.

Well, let's face some hard facts. The sick, the illiterate and the poor are not by themselves up to the tasks of international competitiveness that the New World Order demands. It has always been the industry, investment and initiative of the upper and middle classes that provide the economic motor to raise everyone's standard of living. This is how the poor will be lifted out

of poverty – not today perhaps but soon.

This isn't just wishful thinking. Our critics go on about our preoccupation with the bottom line – saying our policies are based on a cold inflexible economics. But this is exactly why we will succeed. We have some of the best economic brains in the world working at the Bank. And it is our tough scientific analysis that will make a difference, not the wishful thinking of our critics. Far from apologizing for our approach, we should celebrate it.

You may be alarmed to hear that some of our own colleagues are trying to put a damper on the celebration of our 50 years of achievement. These are people who have lost their sense of vision and direction. They say 'let's celebrate in the privacy of our boardrooms in case the press fasten on statistics about our project-failure rate'. These are the types that hide their heads in shame over a few million cost over-run on the construction of our new building here in Washington. They are the ones prone to talk off the record, leak documents to the press and encourage doubt and criticism of management decisions.

Colleagues like this make my job a difficult one. McNamara would have just shown them the door. The Bank is led by a hard-working and enthusiastic team who deserves loyalty at every level of the institution. And we – you and I – can make this happen.

To this end I've worked up a few simple rules of thumb when dealing with outside criticisms of Bank policies. If we all stick to these we can underline to the outside world both the complexity and enormity of our task. Our critics seem to hold us responsible for every little glitch in the



development process. It would certainly be nice to have all the influence with which they credit us but we are just not that powerful. So let us say simply but loudly and repeatedly 'IT'S NOT OUR FAULT'. We believe in accountability and responsibility – so let the responsibility fall on the right set of shoulders.

Always remember that:

1) Problems associated with lack of democracy and human rights in any of our borrowing countries are not our fault. According to our charter we cannot attach human-rights or other political con-

ditions to our loans. Of course in the case of structural adjustment we may have to stipulate certain economic policies and goals and penalize unproductive spending or price controls, but this is not a directly political matter.

2) If the millions resettled due to Bank-supported dam projects are not adequately compensated and rehabilitated, it's not our fault. We are involved with only a small number of the overall world total of people forced to resettle. We can, moreover, point to people whose lives have been greatly improved by resettlement. Resettlement compensation is besides a matter for the local political authorities (all too often dictatorships) and thus out of our hands.

3) If people can't speak English, that's not our fault. It is far too expensive and at any rate logistically impossible for the World Bank to produce project documents in all the world's thousands of languages.

4) If structural adjustments don't work, it's not our fault. This is mostly due to improper implementation by foot-dragging politicians or outside shocks that could not possibly be anticipated. Remember, there is no major political leader in the world today who does not recognize the need for adjustment. Adverse effects on the poor are temporary and they will benefit in the long run.

5) If the environment is degraded in countries where we are active, that's not our fault. Environmental degradation is caused by poverty and only the free play of the market will raise up the poor. Free trade and an end to government subsidies will give a proper appreciation of the value of natural resources and enhance their preservation. To take just one example, deforestation is aggravated by public ownership. Through privatization and logging concessions the true value of the forest resource will be realized.

6) If projects and programs fail and the only thing growing is a country's debt, that's not our fault. The Bank gets involved in an economy only at the invitation of the host government, so blame (or most of the credit for that matter) lies with them.

The list could be longer but you get the idea. As we enter our next 50 years let's be forthright and unafraid of our success. If the missions, advice, money and goodwill we send to the Third World were unwelcome they would not continue asking for them.

Over the next two years we are celebrating not just an anniversary. We are celebrating the future. A future in which we are a pillar of the New World Order. That future begins now. So Happy Anniversary! ■

Joanne Henderson is a pseudonym for an expert on the Bank who prefers to remain anonymous in case she is not invited back to the next bash.

Riders of the apocalypse

*It would be a disaster if there were no GATT agreement, we were told. But what about the disasters now there is one? **Pratap Chatterjee** reports on the birth of Bretton Woods' newest baby, the World Trade Organization.*

Harbingers of free-trade doom: birds at oil-polluted Lake Maracaibo in Venezuela.

BOTH PHOTOS: JULIO ETCHART / REPORTAGE



FIVE hundred horseriders galloped across the field towards the king's tent and then, stopping short, fired their rifles into the air. It was the perfect backdrop for the holiday photographs of the thousands of delegates and journalists who were watching.

The spectacular firework display that followed and the traditional Moroccan feast with roasted sheep weighing down the tables seemed an appropriate way to celebrate the 285 billion dollars that delegates promised would be added to the world's wealth every year by opening up markets to free trade.

The delegates, who represented 125 countries, were gathered in Marrakech in April for the finale of seven years of negotiations as part of the General Agreement on Tariffs and Trade (GATT). They signed GATT's Final Act, the first step towards transforming it into a new formal body, the World Trade Organization (WTO).

Peter Sutherland, director-general of GATT, seemed annoyed when a journalist approached him at the entrance to the King's tent and asked him if it were really true that more competition would benefit everyone. 'Of course everyone can win,' he snapped.

Moroccans aren't quite so sure. They point out that if you take away the vowels from Le GATT, as it is called in French, you are left with an Arabic word that means crumbs. And a taxi driver who

picked me up was quite sure what this was all about. 'Ah, you are here for the American GATT,' he said sarcastically. 'Will Morocco get anything?'

Peter Madden, of the British charity Christian Aid, says it's unlikely. He points out that even the World Bank's own economists estimate poor African countries will lose 2.6 billion dollars a year, mainly because of the higher prices of food they import.

The headquarters of GATT are actually in Geneva, not in the US. It is a short ten-minute walk away from the United Nations complex, down the Avenue of Peace on the way to Lake Lemman, on whose shores the city is built. Just before the Egyptianite building of the GATT, on the left, is a garden with several greenhouses. Two statues of naked women flank the steps into the building. These – the greenhouses holding exotic plants from distant tropical lands and the naked women – could stand as appropriate symbols for those who will lose from GATT's new free-trading order.

Activists say the Final Act will create a monopoly over plant and animal forms by allowing companies to patent any useful products – yet it says nothing about the rights of people to the resources of their own neighbourhoods. Many medical products are derived from natural compounds that exist in the forests and swamps of tropical countries. But the right of those countries to benefit from the sale of their own natural wealth

is being eroded as transnational corporations race to take out patents on their produce.

Take the *neem* tree. It has been known for centuries in India for its remarkable number of uses – its twigs are natural toothbrushes, its leaves a natural pesticide, while the extract of its active ingredient, Azadirachtin, is used in soaps and contraceptives. An attempt to patent this extraction process in India in 1968 under the Indian Central Insecticide Board was disallowed on the grounds that it was common knowledge.

But in recent years WR Grace, a US company, has applied for and received a US patent for the extraction process. Under GATT rules, in future no Indian company will be able to use this common process without paying a hefty royalty to Grace.

There are many examples of the devastating impact that free trade has on the environment. Uncontrolled timber sales have resulted in the annihilation of forests from Malaysia to Brazil. Coal mining has ruined landscapes in India; copper mining has destroyed water supplies on the Pacific island of Bougainville; while industrial production has resulted in the wholesale pollution of water and atmosphere everywhere.

It is not surprising then, that activists have been demanding that the environmental impact of the new free-trade treaty be examined. And as a last-minute compromise this made it onto the agenda at Marrakech. When activists figured out what the agenda item was, however, they

were horrified. Environmental measures – such as packaging requirements or taxes to prevent environmental degradation – were to be investigated as potential distortions of free trade.

The negotiators wanted to know what effect Multilateral Environmental Agreements (MEAs) had on free trade. The agreement, for example, that bans the shipment of toxic waste for recycling or final disposal across international boundaries, came under their microscope.

Also up for scrutiny were the 'trade sanctions' part of the dispute-settlements mechanism meant to pressure countries to protect the ozone layer and their own endangered species.

The WTO will also look at the German system of *Duales System Deutschland* that forces the recycling of all packaging. Environmental charges and taxes such as that on carbon fuels to prevent global warming will be examined as well as clean air and water laws and access to information about such laws. If the WTO rules that these environmental measures are distortions of free trade, countries which have adopted them may be forced to remove them.

The WTO's theory is that developing countries' environmental standards will rise as they adapt to the world market. Yet, far from causing standards to rise, GATT rules require that government laws on such issues as the use of pesticides be watered down. GATT standards for the use of DDT are up to 50 times worse than those in the US.

Glen Marshall of the US South-west Ohio Trade Campaign worries that 'through GATT we may lose all the gains already made through environmental activism'. For Cameron Duncan of Greenpeace: 'The GATT rules promote the right of all to exploit and none to manage'.

Duncan gives as an example the US challenge to a Canadian regulation that required all salmon and herring caught off Canada's west coast to be processed domestically – a rule intended to protect local jobs. A GATT panel ruled against Canada, claiming the policy was not simply aimed at conservation.

Yet if GATT allows foreign companies to come in and exploit Canada's fish stocks, what are the locals supposed to do? What happens when the fish stocks run out if there are no rules to prevent overuse of



BRUCE PATON / IMPACT VISUALS

This Zimbabwean tobacco-picker would be threatened by weaker controls on pesticides.

the resource?

The US wanted exactly the opposite when it demanded that Mexican fishing vessels stop using tuna-fishing nets which were snaring dolphins. To its credit, GATT ruled against the US, consistent with its ruling against Canada.

But as most environmentalists agree, these rulings went against dolphin and salmon. They may have protected Mexican jobs but they cost Canadian jobs; jobs gained at one site generally mean jobs lost at another.

The area of product labelling for environmental impacts is even more difficult. Eco-labelling exercises have been used to discriminate against imports of tropical timber from countries like Brazil and Indonesia. These countries are felling their forests at a rate that is wiping out thousands of species and poses hazards such as landslides from denuded mountain slopes.

But as Brazil's environment minister Reuben Ricupero retorts, making paper from recycled materials causes other hazards by the use of chemicals to bleach out the inks. Suggestions that 'environmentally preferable products' should be labelled, are no easier to define. Take cars. US cars use half as much fuel as they did 20 years ago to travel any given distance. Surely the new cars are preferable to the old gas-guzzlers? But in fact because the cars are cheaper to run, US cars are on average used to travel twice as far. So the amount of fuel consumed has not decreased.

It is this that activists say is the crux of the problem – the overconsumption of resources. Free trade promotes consumption. Solutions that are truly environmentally friendly need to reduce consumption to sensible levels. But environmentalists will have to work very hard to redress the balance in the new WTO. For as GATT environmental director Richard Eglinton points out 'This is a government's agenda, not an activist's agenda'.

Pratap Chatterjee is the Washington correspondent for Inter-Press Service.

SAP RESISTERS

Leonor Briones – Philippines

ASOFT-SPOKEN professor of public administration from the University of the Philippines, it is hard to imagine Leonor Briones as a warrior against the ravages of structural adjustment. Affectionately known as Liling to her friends, her day takes her far from the ivory towers of academe. It may start with her piece on Philippine economic policy greeting fellow citizens at breakfast. The morning may pass lobbying Senators on a debt-related bill. In the afternoon there's a class to teach. In the evening an inspirational speech rallies the crowd against the latest IMF-imposed austerity package.



Liling is a Sixties-generation activist who got the bug for politics while taking her masters degree in fiscal administration in 1968. In 1972 she had to go into hiding from the Marcos dictatorship and had her first child while still underground. She was allowed to return to a teaching post at the University in an amnesty in the mid-1970s. Later she served on the government Commission on Audit. As the 1970s drew to a close her first articles on the impending Philippine debt crisis sought to raise the alarm.

As debt piled on debt, ruthless austerity programs were needed just to pay the interest. Resistance mounted. When the Freedom from Debt Coalition (FDC) held its founding convention it was natural that Liling be in attendance. To her surprise she shortly found herself its president. The Coalition has grown to an impressive size. It now represents 187 popular

organizations from across the country and has three regional offices as well as five other volunteer-run chapters.

The FDC have launched a highly successful popular-education campaign and with the help of everything from comics to videos they have been able to put debt and development issues

at the centre of Philippine policy debates. The Coalition has proved that economics is best not left to the 'experts' with effective campaigns to put a cap on debt service and against the IMF standby agreement. Most recently the FDC was the linchpin of the Kilusang Rollback Movement which defeated an IMF-inspired

increase in the oil levy in February 1994.

Liling's leadership has been crucial to the FDC's growth and effectiveness. Her government experience and contacts helped bypass stonewalling technocrats to get vital economic data. She has proved herself effective at the nuts and bolts of institution building and has led the FDC from an oppositional to a propositional stage of political development – constructing an alternative to World Bank and IMF prescriptions is now clearly on the agenda. To this end the Coalition has launched a campaign for a People-Oriented Budget which would democratize the financial system as well as restructure taxes. That the campaign is taken seriously is due in no small measure to Liling's thoughtful guidance.

John Gershman

SAP is really sapping us

The World Bank still trumpets claims that its economic prescriptions for Africa are working. Ordinary people right across the continent can supply them with evidence to the contrary. Ayesha Imam makes their case.

THE women in Kauyan Kulle, a small village in northern Nigeria, used to have a savings club. Each would contribute a regular sum and in rotation someone would keep the pot to spend – on their businesses, on wedding ceremonies, on food or clothes for their children. About seven years ago they stopped and haven't been able to start again. 'We don't do it now because it causes trouble among friends,' says one of the women, Hajara. 'People can't afford the stake regularly any more and the savings group breaks down before everyone has had their turn to keep the pot.' The stake used to be one *naira* (about five cents) a week.

They've virtually stopped going to the clinic from Kauyan Kulle too. It isn't that they don't value health care. The Kauyan Kulle community association provided the materials and the labour and built a dispensary in the village. But the Government didn't fulfill its promise to provide a trained worker to run the dispensary and to supply basic medicines. And it's too hard to walk the 13 kilometres to the road with a sick child on your back, take a bus the rest of the way to the nearest clinic that is open – and then, after queuing for hours because the clinic is understaffed, find that even aspirins cannot be provided because of cutbacks on 'unproductive social services'. And after that you must still walk back home, child on back, and look after the family.

Both of these are consequences of the Structural Adjustment Programme (SAP) which Nigeria has been implementing at the behest of the IMF and the World Bank since 1986. The architects of SAP see the crisis in Africa as one of production. At its

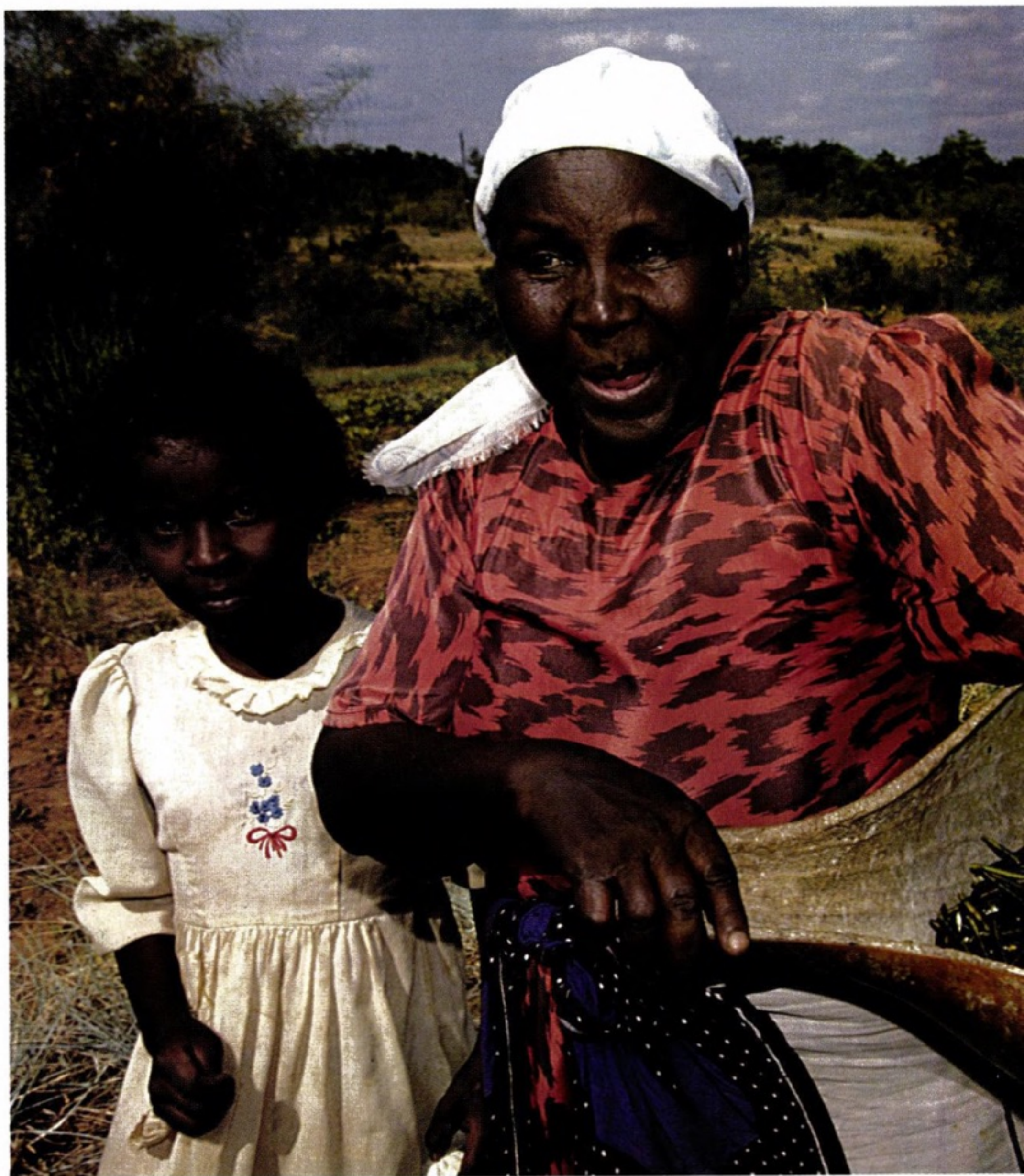
simplest, this thesis holds that African governments have been mismanaging their economies: not producing sufficient goods (whether of primary materials or industrial manufacture) to sell or export in order to pay for their expenditure on imports and social services (not to mention their debt repayments).

Thus put, the solution to the crisis is also simple: a SAP. This would cut government spending, especially on 'unproductive' social services; privatize public-sector enterprises; devalue currencies so that imports are expensive and exports are cheap, thus aiming to promote domestic investment and increase export earnings.

Everybody knew that this would be difficult. The World Bank explained that 'in many developing countries a period of painful macro-economic adjustment was unavoidable'. In order to make this solution more palatable, relatively low-interest loans were promised through the IMF and the World Bank to those countries agreeing to accept SAPs. Furthermore loans from other sources (from Northern governments or from private banks) have increasingly been made conditional upon the acceptance of SAPs. As a result SAPs have been accepted and implemented in practically every country in Africa.

Unfortunately the accuracy of the initial diagnosis is doubtful. The terms of trade for almost all primary products, like coffee or cocoa (on which most African countries are dependent as export commodities), have been deteriorating constantly. And it is this dependence on raw commodities which is the main problem, not the amount of goods produced or grown. This is an historical legacy which derives not from the mismanagement of present states, but rather from the deliberate policies of the colonial rulers of Africa. During the colonial period, much of Africa (South Africa apart) was actually de-industrialized and resources that might have been used as capital to industrialize were siphoned off to the colonizers' homeland.

Nonetheless it seemed at first as though SAPs might work. Naana, a small farmer in southern Ghana, found she was receiving higher prices for her cocoa when marketing boards and other restrictions were lifted and she was able to sell her crops directly. Consequently she increased production – as did many other cocoa farmers. However, since then there has been a glut and the price of cocoa has dropped on the world market. In addition, Naana and the other farmers still have to buy clothes and food, seed and fertilizer, pay school fees and so



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Picking mung beans in Kenya: SAPs add to African women's burden in field and home.

on. With inflation running in double figures, the devaluation of the *cedi*, the removal of price restrictions and the increase in education and health costs (all part of SAP), she has found that the gains from the earlier high cocoa prices have been wiped out and she is even worse off than before. Similar stories can be told for producers of other primary agricultural products all over Africa.

The initial diagnosis of the crisis as one of insufficient production was dubious, but there is little doubt that the recommended cure has become part of the problem itself. In most countries in Africa, SAPs have not led to increases in production or investment or to an improved balance of payments. In fact, according to the UN Economic Commission for Africa, production has decreased over the decade since SAPs have been implemented. Investment as a proportion of GDP has fallen too. Budget deficits have grown and a greater proportion of export-earned money is now used solely to service debts.

Far from improving conditions SAPs have compounded the crisis. The results are

dramatic. The general standard of living has fallen. There have been painfully deep cuts in the provision of health, education and other social services and in the subsidies on basic necessities. Unemployment has increased through retrenchments from the public sector and from businesses closed down for lack of foreign exchange to import necessary inputs. All this has been accompanied by high rates of inflation; and by further polarization as the very rich have got richer while all other income-groups have lost out.

Even for highly skilled professionals life has become much harder under SAP. Oloko is a university lecturer in Uganda who also takes on (better paying) research consultancies. His wife, Joy, is a nurse. In addition she runs a dressmaking concern. Just the same, they are finding it hard to pay the school fees of their three children and have cut down on meat and other expensive high-protein foods.

It is even worse for less qualified workers. The construction industry was one of the first to feel the effects of recession and retrenchment. Iyabo's husband, Hassan, lost his job and has not been able to get another. For a while the whole household was dependent on what she brought in from her market stall in the Nigerian city of Ibadan, selling cloth. Now their elder daughter has dropped out of school and sells fried beancakes. And Hassan sells vegetables in another part of the market. But many of Hassan's former co-workers, as well as those retrenched from factories which are closing down or reducing production, are trying the same sorts of things in the informal sector. So profit margins are ever slimmer while costs are higher and higher for renting market stalls and kiosks. So still Iyabo and Hassan can't make ends meet, despite eating less, taking the children out of school, buying fewer clothes, and relying on faith when they get ill instead of going to the clinic.

These sorts of things are occurring all over Africa. Already high, rates of malnutrition, infant mortality, maternal mortality and sickness rates have increased significantly in the past few years. For example, a joint study by UNICEF, the Federal Office of Statistics and the Federal Ministry of Health in Nigeria showed that over the years since structural adjustment policies began, the proportion of infants with low birthweights had increased by 10 per cent and the proportion of malnourished under-fives had increased by 14 per cent. In addition, in six years the percentage of children under five who were moderately to severely malnourished (malnourished to the point of permanent stunting) had increased by 13 per cent to one-third of all children. Even if conditions do improve, these children will never recover from their malnutrition. And those children, disproportionately girls,

who, like Iyabo's daughter, have had to leave school, are unlikely ever to have a chance to acquire education and skills later. The future of a whole generation of African children has been put at risk.

The strains of SAPs are not shared equally. Children are more susceptible because of their physical vulnerability. So are the poor, who lack resources to fall back on. And women are vulnerable because they lack power, have few resources of their own and are disadvantaged by the gender division of labour. SAPs advocate the transfer of costs from the public sector to the private market-ruled sector. This means effectively from paid to unpaid sectors and from the state to households – in other words to women. Thus, for example, the reduction in health services means that the sick must be cared for (attended, cleaned up after, cooked and served meals and medicine) by mothers, sisters and aunts, rather than by paid workers in hospitals. Higher food prices have meant a switch to cheaper or unprocessed foods which require longer preparation time before consumption – work which has also fallen to women. Extra hours of work are thus added to women's working day, with consequent extra fatigue and health stress.

In urban Nigeria, for instance, Zuwaqu and Baiya decided to grow sorghum in their yard to cut down on having to buy increasingly expensive processed grain. For Baiya this means that on top of her job as a clerk, she not only helps Zuwaqu with the planting, weeding and harvesting but also has to do all the threshing, winnowing and grinding of the sorghum before starting to cook. As she says 'I get very tired'.

Similarly, in rural Zambia, Shimwaayi's mother was very ill and Shimwaayi had to look after her. Since men refuse to do 'women's work' and her daughters are very young, she did not get any help at all. Nor could she get anyone to help her with the planting. Consequently, Shimwaayi was not only exhausted by the end of the season but she had not been able to do the planting properly, so her harvest was small and she and her children went even hungrier.

SAPs have failed in Africa even on the IMF and World Bank's own narrow terms of economic and budgetary performance. They have resulted in the increased physical vulnerability of people (especially of children, the poor and women) to malnutrition, fatigue and disease. These horrific physical effects of structural adjustment have led the UN Economic Commission for Africa to express its fear of the 'real danger of a systemic break-down'. In Nigeria we put it more succinctly: 'SAP is really sapping us'.

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Simply... how Bretton Woods reordered the world



1 The Bretton Woods Conference

In July 1944, as World War Two was drawing to a close, the world's leading politicians – mostly from Northern countries – gathered to set forth notions of how to reorganize the world economy. For the first time in human history almost universal institutions – the International Monetary Fund (IMF), the World Bank and the General Agreement on Tariffs and Trade (GATT) – were established to solve global economic problems. The common view at the Conference was that the depression of the 1930s and the rise of fascism could be traced to the collapse of international trade and isolationist economic policies.

The Conference rejected proposals by the eminent British economist John Maynard Keynes that would have established a world reserve currency administered by a central bank and created a more stable and fair world economy by automatically recycling trade surpluses to finance trade deficits. Keynes' notion did not fit the interests of a US eager to take on the role of the world's economic powerhouse. Instead the Conference opted for a system based on the free movement of capital and goods with the US dollar as the international currency. The Fund and the Bank were limited to managing problems related to deficits and to currency and capital shortages.

2 Rebuilding Europe

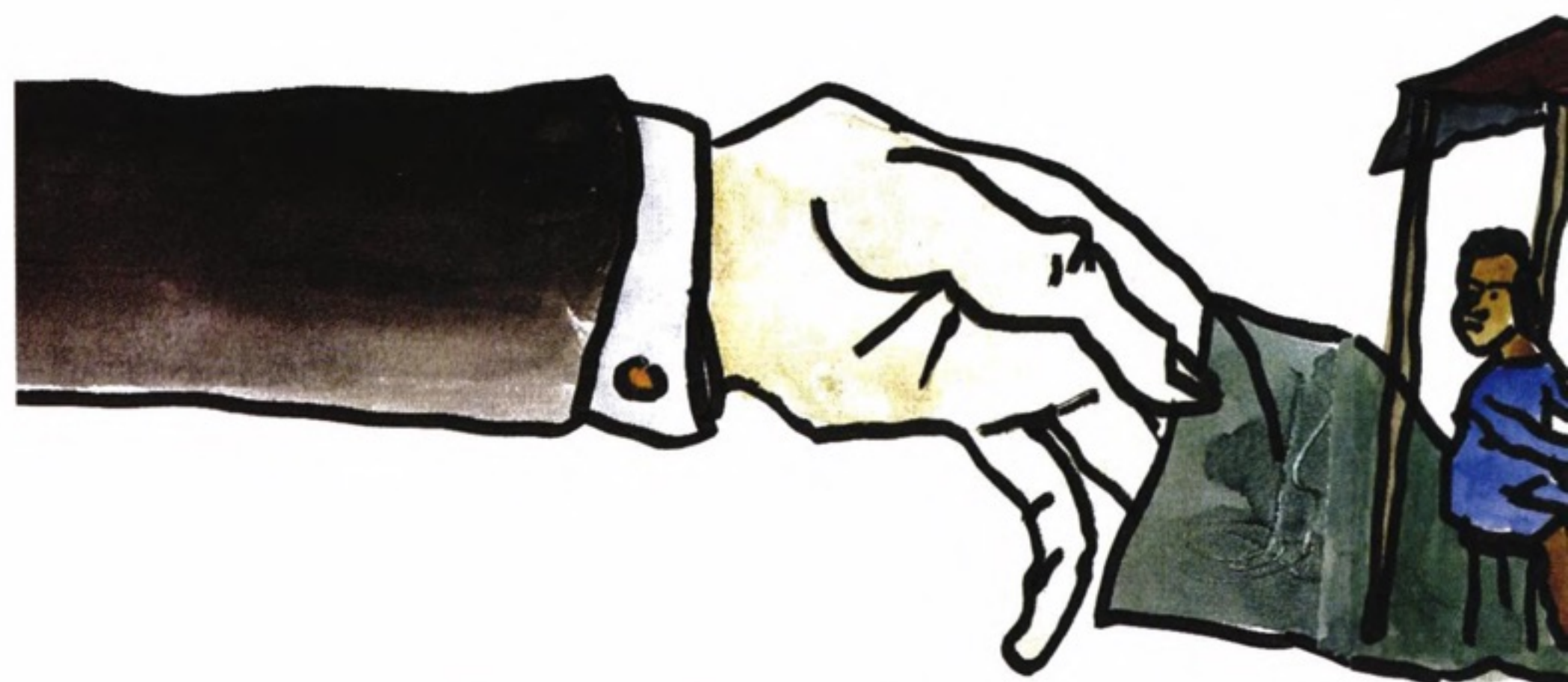
One of the first tasks assigned to these new institutions was to provide the capital to help put the war-ravaged European economies back on their feet. Not only did they lack the resources for such a massive undertaking but European finance ministries balked at the harsh 'conditionalities' that accompanied support from the IMF as too great an infringement of their sovereign right to shape their domestic economies. So the much looser Marshall Plan was set up to provide US finance to rebuild Europe largely through grants rather than loans. Southern countries now emerging into independence did not fare so well – from the very beginning any loan was accompanied by pressure to keep their economies completely 'open' to foreign goods and capital. In the late 1950s the World Bank was pressured into setting up the International Development Association (IDA) – this would provide 'soft loans' and so head off attempts by the new countries of the Third World to set up an independent funding agency under UN auspices.



3 New International Economic Order

By the early 1960s the South had started demanding a better deal. Rallying in such organizations as the Non-Aligned Movement and the Group of 77, they created the United Nations Conference on Trade and Development (UNCTAD) where they argued for fairer terms of trade and more liberal terms for financing development. The North responded with pious declarations of its good intentions – but also with a hard-nosed insistence that the proper forum for any economic changes continued to be the Bretton Woods institutions where they held the balance of power.

By the late 1960s, however, the Bretton Woods dream of a stable monetary system of fixed exchange rates with the US dollar as the only international currency was collapsing under the strain of US trade and budgetary deficits. A guarded optimism took hold in the South fuelled by moderately high growth rates and a boom in the price of Third World-produced primary commodities, particularly oil. This came to a head in 1974 with the declaration of principles for a New International Economic Order. The response to these sweeping demands for change was a few tinkering, inconsequential reforms.



4 The Debt Crisis

The windfall surpluses accruing to the oil-producing countries of OPEC during the 1970s – \$310 billion for the period of 1972-1977 alone – created a massive recycling problem. Much of this money went into Northern commercial banks who turned around and loaned it to non-oil producing Third World governments desperate to pay escalating fuel bills and fund their development goals. The debt of the non-oil producing Third World increased five-fold between 1973 and 1982, reaching a staggering \$612 billion, and the high interest rates of the mid-1980s further exacerbated the problem. Much of this loan money was squandered on ill-considered projects or simply siphoned off by Third World élites into personal accounts in the same Northern banks that had made the original loans. Cash-strapped countries like Peru and Mexico were unable even to pay the interest due on their debts. Northern politicians and bankers began to get nervous that the sheer volume of unpayable loans would undermine the world financial system. They turned to the World Bank and the IMF, who were to restructure Third World economies so they could meet their debt obligations.

5 Rollback

The Bank and the Fund have made full use of the new leverage over Third World economies that accrued to them during the debt crisis. The right-wing economic views made popular by the Reagan- and Thatcherites became the reigning economic orthodoxy at the Bank and the IMF. They launched a policy to 'structurally adjust' the Third World by deflating economies and demanding a withdrawal of government not only from public enterprise but also from compassionate support of the basic health and welfare of the most vulnerable. Exports to earn foreign exchange were privileged over almost all production of food and other goods for domestic use. This restructuring was highly successful from the point of view of the private banks who got \$178 billion out of the South between 1984 and 1990 alone. Yet Third World debt continued to grow, reaching \$1,300 billion by 1992. Much of this debt has shifted – particularly in the case of Africa – from private banks to the IMF and the World Bank themselves.



6 The Resistance

The stark fact that the Fund and the Bank now operate with reverse capital flows – in other words they take more money out of the Third World than they put back in – is sobering for those who believed these institutions were there to help. Peoples of the Third World are resisting structural adjustment either through street riots or less confrontational politics. Protest too is coming from the four million people uprooted or to be uprooted by World Bank mega-projects, particularly the building of large dams. Rejection of all things Western is on the rise. Fundamentalism and the politics of ethnic exclusion (from Somalia to India) are turning political costs into military ones. And the Bretton Woods institutions themselves are coming under direct pressure from community activists and environmentalists calling for either their reform or outright abolition. After 50 years the decisions reached at Bretton Woods need some fundamental rethinking.



ILLUSTRATION: GAIL GELTNER

Life and death in the free zone

The IMF and the World Bank have imposed a pinstripe revolution on Latin American governments made vulnerable by debt. Mark Fried counts the cost for those caught in the crossfire.

IN the cool of the early morning, hundreds of young women leave their shanties on the denuded hills that surround the town of San Marcos in El Salvador and flock toward the 'free zone', a collection of Taiwanese-owned assembly plants on an enormous field at the edge of the highway. Under the passive gaze of guards armed with automatic rifles, the women stop to chat, then stroll through the high gates topped with razor wire to begin their shift.

This scene, which can be found in many parts of Mexico, Central America and the Caribbean, is one face of the new Latin America. A decade ago these women would have remained in rural villages to subsist on dirt farming or migrated to the city to work as maids for the middle class. Today they'll spend ten hours sewing clothes for export to earn the equivalent of what seamstresses in North America make in an hour.

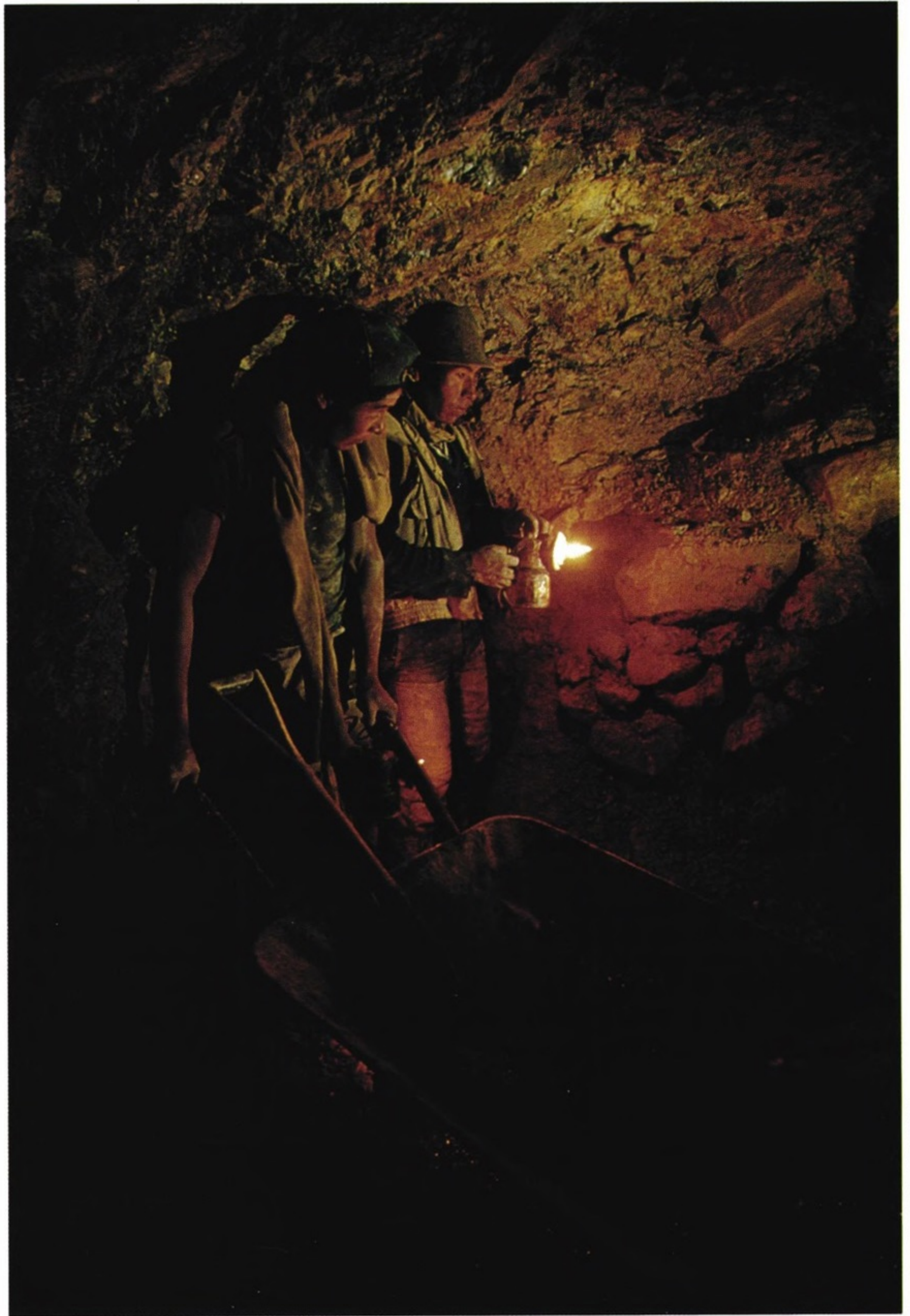
In the jungles of eastern Bolivia, thousands of migrants are cutting down the forest to plant coca, the raw material for cocaine. Ten years ago many of them were miners who earned steady money supplying the world with tin and precious metals. The state-owned mines are closed, their union is all but broken and many of the miners who have not become coca-growers are hawking baubles on the streets of La Paz. Others are freelances – digging holes

in backyards and fields to extract by hand whatever minerals they can find.

At the Mexico City stock exchange, once a sleepy and irrelevant club of the region's wealthiest elite, 13 new millionaires have muscled their way in since 1985 by capitalizing on the sale of dozens of state enterprises and the dramatic inflow of foreign capital. Nearly all the region's countries have achieved remarkable rates of economic growth following years of negative growth in the early 1980s – and equally remarkable increases in such areas

as infant mortality, illiteracy, and every other indicator of human misery. At the General Hospital in Tegucigalpa, capital of Honduras, even aspirins are in short supply and patients must beg passers-by on the street to buy their medicine.

All of these changes reflect the succession of one development model by another – a wrenching transformation known in development-finance talk as 'structural adjustment'. The prime movers behind it are the international financial institutions (IFIs) founded at Bretton Woods – the



Hell: work in the bowels of the Bolivian earth. Or heaven: a secure job now destroyed.

STUART FRANKLIN / MAGNUM

International Monetary Fund and the World Bank – though the Inter-American Development Bank also plays an important role. Their vision of Latin America's future has transformed the lives of millions, some for the better, many for the worse. A look at the key aspects of 'adjustment' reveals the lopsided development it promotes.

Though Chile has been 'adjusting' since shortly after the coup of 1973, the continent-wide process began in earnest nearly a decade later when Mexico could no longer meet its obligations to foreign creditors. The debt crisis that ensued brought the contradictions of the old development model to a head, placed the reins of power in the hands of the IFIs and severely weakened all who would resist the change.

Under the old model, pursued since the 1950s, the state owned or supported key industries and maintained high tariffs to protect them. This 'import-substitution' strategy depended on rising consumption by a growing middle class and in the larger economies allowed militant labour movements to exact better wages and working conditions. Though gross inequalities and abysmal poverty persisted profits from state industries financed expanded social services and led to higher living standards and educational levels for broad sectors of society. The results were astounding: from 1950 to 1970 Latin America's GDP tripled and in per capita terms it rose by two-thirds. Domestic industry provided 95 per cent of Mexico's and 98 per cent of Brazil's consumer goods by the early 1960s.

But by the mid-1970s things had begun to break down: government protection had led to bloated state, corporate and union bureaucracies. The goods produced tended to be costly and shoddy. Services were abominable. And without significant redistribution of wealth – something local élites would not allow – the purchasing power of the wealthy alone proved insufficient to maintain growth. State companies, once a source of revenue for social development, became a serious drain on government coffers. Governments staved off collapse with voracious borrowing and high inflation. But by 1982 it was all falling apart: the debt crisis was on.

In return for rescheduling debt payments, the IFIs insisted on a series of radical policies to stem inflation, improve government balance sheets and open the economy to market forces. Interest rates shot up. Subsidies to the poor were all but eliminated. Health and education budgets were slashed. State enterprises were privatized or shut down completely. Controls on prices and imports were eliminated. Currencies plummeted in their international value. And there were unprecedented concessions to foreign investors.

Underlying these policies was a new vision of the proper path to Latin America's development. Exports would replace domestic consumption as the motor of the economy. The private sector would replace the state as the prime economic institution.

Though the poor protested – there were riots in Caracas, Rosario, Santo Domingo and elsewhere – adjustment and the 'neoliberal' model of development were embraced by a new generation of US-trained technocrats who came to power over the 1980s. They were convinced that the pain it inflicted would lay the groundwork for renewed growth.

The pain at least was real enough. Real wages in Mexico were halved as unemployment quadrupled. Advances in health, nutrition and education were reversed; the nineteenth-century scourge cholera reappeared and wreaked havoc in slums across South America. The sale of state enterprises and the opening of the economy to foreign competition sent thousands of workers to join the ranks of street vendors (in Sao Paulo alone 260,000 lost their jobs). This helped break the power of the

labour movement and industrial production was gutted. The stage was set for unprecedented levels of corruption. Even the new foreign investment in assembly plants and agro-export schemes destroyed more jobs than it created – disrupting the traditional means of survival of peasant communities and accelerating the exodus from the countryside.

The drastic budget cuts required to eliminate chronic deficits rent gaping holes in the admittedly insufficient safety net on which the poor depended. Efforts to attract foreign investment relied more often than not on driving down the cost of labour and domestic consumption along with it. Falling standards of living were obvious to anyone who cared to look. The new policies were particularly onerous for women. They not only bore the burden of feeding and clothing their families but they were the cheap labour that fuelled the new export industries. The policies were also disastrous for the environment – encouraging the spread of chemical-intensive export agriculture and the frenzied extraction of ever more natural resources. Industries

SAP RESISTERS

Omega Bula – Kenya

OMEGA BULA has an infectious laugh. But her gracious smile and warm personality disguise a deep passion for justice. Over the past five years Bula has headed up an ambitious program with the growing churchwomen's network throughout Africa to expose the disastrous impact of World Bank/IMF policies all over Africa.

In 1989, when Zambia-born Bula became director, the Women's Desk of the All-Africa Conference of Churches, based in Nairobi, launched a campaign for 'economic literacy' to mobilize women across the continent. Churchwomen at the national level committed themselves to train women at the grassroots because, in Bula's words, 'Economic literacy for women enables them to speak of their own experiences of the economic crisis and structural adjustment and the effects on their lives in the areas of education, food security, child survival, violence, family life, political participation and poverty in general'.

Economic literacy provides women with an important space to reflect, organize and mobilize for change. 'It benefits not only women,' says Bula, 'but the whole community as poverty is reduced and productivity increased with the confidence women build up when they cease to "blame the victim" and come to recognize the real sources of their problems'.

The Women's Desk's analysis of SAPs and their impact on women is unequivocal. African women have been pushed to the margins and become 'the rejected of history'. 'The economic crisis that the World Bank and the IMF have

contributed to is killing us,' Bula notes angrily. 'It is dragging all of life down to the level where hopelessness is the major problem. The crisis is total and it's about everyday survival.'

The basic survival needs of families are at stake. The removal of subsidies on health care and education have hit very hard indeed. An increase in spousal abuse, suicide and alcoholism are only some of the side-effects of the growing social and economic dislocation wrought by Bank and Fund policies.

Bula has produced a teaching video on the effects of SAPs on the women of Africa. *Entitled To Be A Woman: African Women's Response to the Economic*

Crisis, the video is moving testimony to the ingenuity of women trying to cope with the withering array of upheavals brought about by World Bank/IMF policies.

'I know women who are physically building schools for their children saying "We know the Government won't do anything for us, so we'll do it ourselves". I know women fishmongers in Ghana who figured out how to smoke their fish and sell them for export. What women are doing in our economies has never counted, has never been measured. Our governments and the international banks have been supporting the wrong policies. Our priorities are that women eat well, that families live healthily, that people get the education they need and that communities decide their own destinies.'

John Mihevc



seeking to evade Northern environmental regulations flocked to the region.

The first wave of adjustment wrought a terrible recession – despite the incentives to fell more forests, dig more minerals and plough under food crops to plant for export. Latin America expanded exports by 23 per cent, but the freefall of commodity prices meant that their value actually fell by 1 per cent. The volume of imports dropped by 60 per cent and their value by 41 per cent. Cutting imports and expanding exports gave the region a new-found trade surplus and transformed it into a net exporter of capital – in the form of interest payments on the debt – to the tune of \$198 billion between 1982 and 1990. That's an astounding \$70 billion more than entered the region in the days of easy loans from 1975 to 1981. Despite this fortune sent overseas Latin America remains deep in debt today.

The vaunted opening to market forces did sweep away many of the obstacles to doing business, particularly for foreigners. Investment began to return. What's more, budget cuts and privatization stemmed the flow of resources to entrenched bureaucracies, undercutting their political power. But in doing so adjustment policies dismantled or rendered ineffectual the regulatory structures by which governments had in the past channelled investment toward national development goals. The streamlined state was no longer able to temper the concentration of wealth the market achieves with such efficiency. The more the economy grew the poorer most people became.

Despite the model's relative success in attracting foreign capital, investment remains largely speculative. Since it is virtually untaxed speculative investment provides little if anything toward social development. Latin Americans now make cars and computers with state-of-the-art technologies but their schools, hospitals and houses are crumbling. With the rising tide of cheap imported goods, not only is unemployment sky-high but culture is changing. The producer mentality – the notion that one's life is defined by what one does – is being eroded and replaced by the mentality of the consumer – the notion that one's life is defined by what one has. Ironically this is happening even as people's buying power declines.

By the end of the 1980s the reforms had achieved stability on the macro-economic level: inflation was under control, currencies were stabilized and in some countries growth was spectacular, as high as eight per cent. Stock exchanges boomed with foreign investment and Latin America was once again the darling of Wall Street. Peru, Brazil and Argentina struggled to catch up with the rest of the region – there, adjustment was held back by strong labour movements and recalcitrant national business lobbies. But the IFIs are a step ahead and are turning their attention to fine-tuning the model. In this way they hope to forestall a popular backlash due to the rising misery and unprecedented corruption which has accompanied the new export-led growth.

'Poverty alleviation' and 'social sustain-

ability': phrases like these have now joined the lexicon of neoliberal verbiage at the World Bank. New funds are being disbursed to target social services to the poorest and ease the harshest aspects of the adjustment package. Necessary as these measures are, they seek to contain the problem, not to resolve it – on the debatable assumption that economic growth will eventually help the poor catch up. In fact, GDP growth fell off again in 1992, stock markets nosedived and investment began to slacken.

Meanwhile, popular anger at the decline in the quality of life is directly challenging neoliberal policies. The February 1992 coup attempt by nationalist officers in Venezuela sounded the first alarm. Next, voters in Uruguay rejected a referendum on privatization. There was a second coup attempt in Venezuela and social democrats won elections in Honduras, Costa Rica and Venezuela in 1993 and 1994. In Mexico and Brazil, too, electoral challenges to the technocrats in power are gaining strength.

But the room for manoeuvre by these new leaders is narrow indeed. National industry has been effectively dismantled, neither loans nor investment are forthcoming for alternatives and the state remains largely strangled by the fiscal impossibility of improving services. Faced with the enormous advantages afforded business by the new technologies in communications and transportation – which allow companies to transfer production around the globe virtually at will – policy makers have little choice but to embrace the logic of adjustment. Otherwise they will be strangled by debt and capital flight.

So even dissenting politicians echo much of the IFIs' thinking, forced as they are to focus on the distribution of the limited wealth still under the state's control. Few can imagine an alternative to today's orthodoxy and the only attempts being made are at the most local of levels, by co-operatives and community organizations.

At the behest of the arbiters of Latin American development – bean-counters who measure progress by cold statistics – the continent has bet its future on a vision of modernity that shunts aside millions of people. Policy makers have yet to find a formula for correcting the neoliberal model's failure to provide a better living for the women who walk the dusty paths each morning to the sweatshops of San Marcos, for the ex-miners of Bolivia or for the patients in Tegucigalpa's public hospital. Until they do – or until an alternative gains credence – structural adjustment seems bound to push Latin Americans' remarkable capacity for suffering to new extremes. ■

Mark Fried, the former editor of the bimonthly *NACLA Report on the Americas*, is a writer and translator based in Ottawa, Canada.



Different kinds of high: adjustment has widened the gulf between rich and poor in Latin America.





ANNA GONZALES / REPORTAGE

Fast money

The Almighty Dollar: black-market movers in Lima, Peru.

*Speculators send currencies crashing; money moves like mercury all over the globe. The genie is out of the bottle and even some bankers want it back in. **Brahm Eiley** reports.*

IT TOOK just a couple of days. They were good days for currency speculator George Soros but bad days for the British pound. In 1992 Soros, whose multi-billion-dollar empire is based in the low-tax locale of the Netherlands Antilles, led a myriad of pension-fund managers and investment banks to bring down the pound, leaving it so enfeebled that it had to be removed from the European Exchange Rate Mechanism.

The speed with which this kind of big money can be made has large volumes of capital rushing around the globe. It has changed the world economy fundamentally. The last hopes for a stable international economic order lingering from those hot summer days in 1944 at Bretton Woods have now faded for good. The IMF and the World Bank were created to prevent the roller-coaster instabilities of the 1930s. Yet a new 'global financial economy' has emerged where super-profits can be made in a myriad of ways – ways which are at best irrelevant to, and at worst destructive

of – stable jobs and communities.

Fernand Braudel, the French historian, argued in his classic *The Wheels of Commerce* that finance has been global since the fifteenth century. Maybe so. But it is hard to imagine the Medicis plugged into their computer terminals like some Renaissance George Soros deciding the fate of the ducat one day and the doubloon the next.

Today global financial flows dwarf world trade in traditional job-creating commerce and industry (like producing cars or soap) by about twenty to one. The amount of money that moves through computers and along elaborate undersea cable wire or is beamed off satellites on a single weekday is more than three times what Japan earns through trade in a whole year. Currency speculation sets off rapid changes of value in the foreign-exchange charts. One effect is to undermine even the modest attempts by economic planners or political reformers in the Third World. What were affordable machinery parts yes-

terday become out-of-reach luxuries today. Currency, bond and stock markets are complex and require an insider's knowledge. Once inside, the financial investor can derive huge returns. But as in most games for each winner there have to be losers: these mighty markets destroy as much as they create. This is the heartless world of ruthless takeovers, currency manipulations and leveraged buy-outs made infamous in Oliver Stone's movie *Wall Street* with its biting critique of the acquisitive spirit of the 1980s.

This casino economy is now in a position to dictate not only whose currency will be strongest and whose goods cheapest but perhaps most importantly to set 'acceptable limits' on the economic reforms and social changes so badly needed by the shantytown dwellers of Lima or the rural poor of northern Ghana.

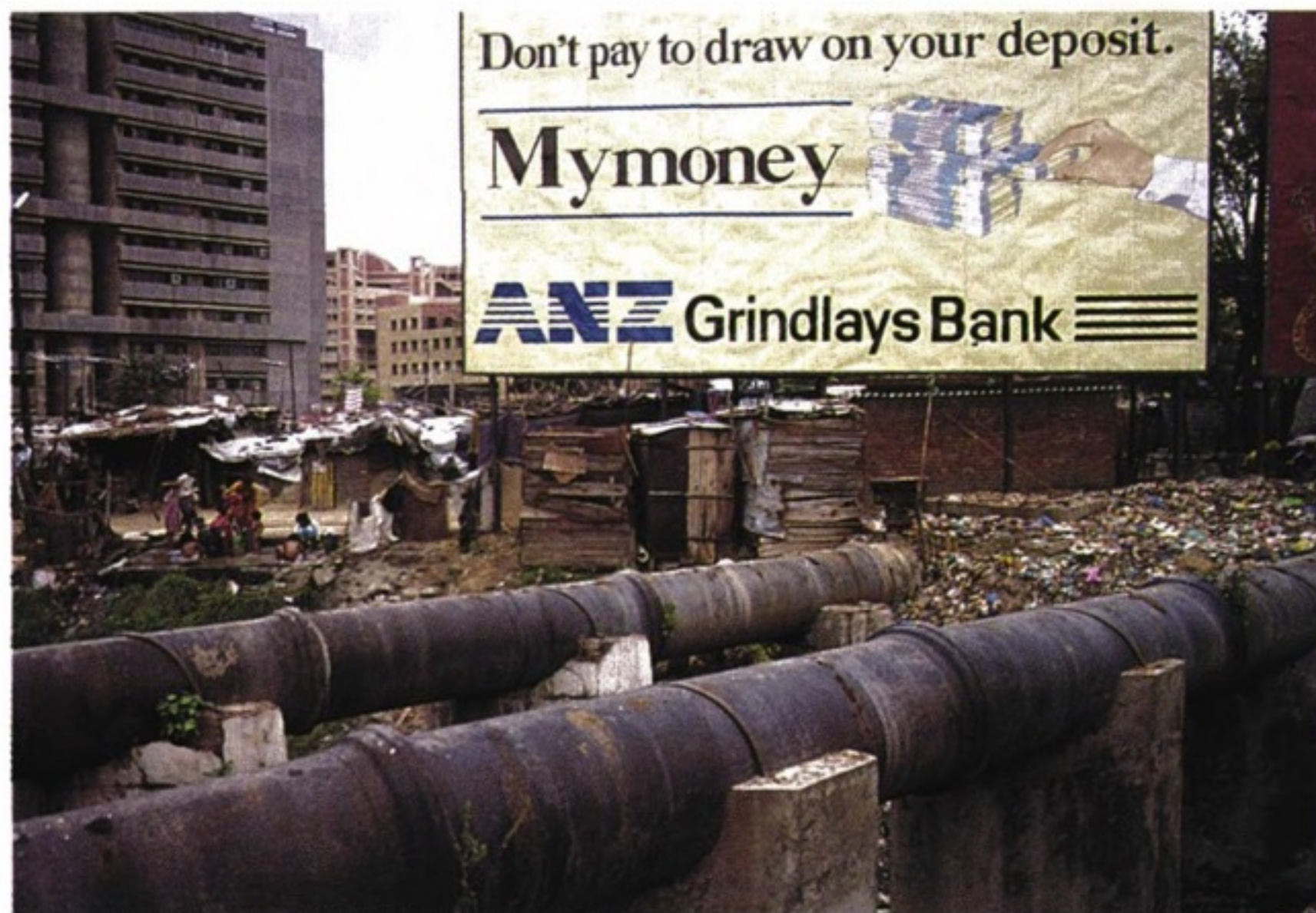
What happened to François Mitterand and his French Socialist Party when they won election on a mildly socialist platform in the early 1980s has proved an object

lesson to reformers worldwide. The Socialists stressed a modest increase in social programs and job creation as well as some nationalizations – mostly in the financial sector. This marked a radical departure from the Gaullist years. Within weeks the markets began to sell off the franc, pushing its value down and – *voilà!* – within the year, President Mitterand had reversed most of his economic policies. France's socialist experiment quickly came to resemble a pale version of British Thatcherism. Not exactly what the party faithful had in mind when they passed those egalitarian policy resolutions at their convention.

In the South the ubiquitous structural-adjustment policies of the IMF and the World Bank are designed with this tale in mind. Back in the hothouse days of Jamaican politics in the early 1970s, Michael Manley rose to power and tried to institute nationalist policies. His popular program included plans for more housing and welfare spending. But this was not to be. The Jamaican dollar plummeted. Foreign companies packed their bags. And the international banks shut off the credit tap. By the late 1970s, the IMF was in a position to 'reorient' the Jamaican economy. Since that time Jamaica, even under Manley himself, has been less partial to policies which would upset Wall Street and the City of London. There are a host of Jamaican-type stories in the Third World.

The omnipotence that modern financial markets have achieved is rooted in the competing designs for the world economy put forward at the Bretton Woods conference 50 years ago. There the plan of John Maynard Keynes which would have put strict controls on and established global rules for the movement of capital, was rejected as against the interests of the US and its newly discovered economic dominance. If adopted the Keynes plan would have made the world of the 1990s a very different place. Instead the US delegation demanded and got a high degree of free capital mobility.

The US ended up with all the trumps: not only an effective veto on the policies and programs of the newly created IMF and World Bank but also the US dollar positioned as the only effective medium of international exchange. All other currencies were tied to the dollar through the gold standard, which fixed gold's value in dollar terms. With these arrangements in place massive devaluations of other countries' currencies became inevitable (25 devalued in 1949) and the world financial



New Delhi slums: the pipelines of finance bypass the world's poor.

centre shifted from the the City of London to New York. Under the Marshall Plan the economies of post-war Europe were flooded both by US dollars and State Department political influence. The stability gained by having the US dollar as the world's international currency, rather than adopting Keynes' idea of controls on all capital movements, held only in so far as the dollar's pre-eminent value was accepted by all concerned.

Although the US was seen as supreme during the 1950s and early 1960s, it was slowly undercutting itself and helping to create a world of money which existed in the air – separated from the production and sale of real goods and services. The whole world now relied on the US to provide currency and as the US pumped more and more dollars into the international economy the relationship between the dollar and the amount of gold it was worth began to slip.

The 'dollar overhang' – foreigners holding more dollars than the US had gold – rose during the 1960s as the US imported more from Europe thereby helping European economic recovery. US companies rapaciously bought up real estate, plants and commodities all over Western Europe with dollars worth far less than their official fixed-rate value. France's President De Gaulle denounced this as an 'exorbitant privilege!'

But most Americans hadn't a clue why Western Europeans harboured such animosity. Something had to give. By 1967 the situation had reached breaking point and the US was forced to raise the price of gold. But things continued to deteriorate and in 1971 the government of Richard Nixon closed the gold window entirely – from now on you could no longer exchange a US dollar for a set amount of gold.

Thus the modern era of floating currencies was born. Now those with the market

power to buy and sell large amounts of currency were well on their way to being able to dictate the value of the German mark or the Costa Rican *colone*.

Today the large pension funds and banks, but also clusters of small investors or even the central banks of smaller countries, can make millions in a day just by predicting if a currency is going to go up or down. Such profits are impossible in regular commerce. The main victims are global economic stability and the development policies of Third World governments, particularly those that prioritize the needs of the poor.

Over the past 20 years the problem has been further exacerbated as international and domestic financial markets have become inextricably linked. Third World debtors are vulnerable not only to currency manipulations but also to decisions about interest rates taken outside their control. When US interest rates soared to 20 per cent in 1980, developing countries such as Brazil and Mexico which had borrowed heavily from the US banks in the 1970s, had to pay off their loans at these high rates.

Today currency speculation and the power of financial markets and bond-rating services (which set a particular government's credit-worthiness) to decide our global fate have become such threats that the world's central bankers have at last decided to do something. Working through the Bank of International Settlements in Berne, Switzerland, they are trying to put the speculative genie back in the bottle by devising a set of co-ordinated national and international rules to control capital flows.

Without some such arrangements the democratic decisions taken by nation states to control their own economic life will become increasingly meaningless. The markets will take the place of the electorate. This would be a particularly perilous development for Third World societies which urgently need political and economic reforms to meet the basic needs of their populations. Yet big money is at stake and regulating the myriad international capital flows will be no small task – even if central bankers are sincere in their desire to rein in a system they have played a large role in creating. But until Bretton Woods' commitment to the free movement of capital is rethought the big winnings at the global casino table are unlikely to trickle down to those who sweep the world's floors.

Brahm Eiley is a Toronto-based journalist specializing in economics.

THE MIDDLE EAST



REX FEATURES LONDON

Kept in a prison that does not exist, Palestinians in Khiam will not be released until missing Israeli soldiers are accounted for.

Hidden hostage

Palestinian woman lost in Lebanese prison

KHIAM prison does not exist. Despite the 200-odd prisoners and despite the fact that you can see it for yourself – or could if you were allowed into the occupied area of South Lebanon – it is not a prison and no-one is held there.

The myth must be particularly bitter to Kifah Subhi Afifi who has spent the last six years incarcerated in Khiam. She was 17 when she was captured along with members of a Palestinian commando group in the Israeli security zone. Three of her brothers had been killed and the family home destroyed in the Palestinian camp of Shatila in southern Beirut.

She was taken across the border for interrogation in Israel and spent two months in an Israeli prison before being transferred to Khiam.

She is denied visitors, letters, radio, newspapers – any access to the outside world, including the International Red Cross. The last news her mother had of her was from five Lebanese women who were released at the beginning of last year. No-one knows how she is or when she is likely to be freed. And yet she has never been tried or sentenced.

Kifah is one of the handful of women now held in Khiam. Amnesty International has documented the appalling conditions and routine torture that occur there. Children as young as 12 have been imprisoned. Close relatives are tortured in the hearing of prisoners to persuade them to confess. There is torture by electric shock treatment, beating with electric

cables and deprivation of food and sleep.

The prison at Khiam is under the control of the South Lebanon Army, which in turn is controlled by the Israelis. Kifah was taken to an Israeli prison when she was first captured, then transferred to Khiam where she has been ever since. The Israeli Government has strongly hinted that prisoners will not be released until four Israeli soldiers missing in Lebanon – two since 1982 and one, Ron Arad, whose plane was shot down in 1986 – have been released.

The recent raid into the heart of Lebanon to capture Mustafa Dirani, presumed to

know the whereabouts of Ron Arad, show their determination to go to any lengths to secure the soldiers' release.

Kifah is effectively a hostage with little hope of ever going home.

Nikki van der Gaag

If you would like to support Kifah and others in Khiam, contact **Amnesty International**, which has a report on the prison and is campaigning to get Israel and the South Lebanon Army to clarify the basis on which the prisoners are being held. **Amnesty International's** address is **1 Easton Street, London WC1X 8DJ, UK. Tel: (0)71-413-5500.**

Sick trade

When seven-year-old Rizwan in Pakistan developed swollen lips and a painful rash in his throat, a chocolate bar was identified as the cause. The allergic reaction came not from the chocolate itself but from ink on the wrapper. The chocolate had been locally manufactured but was wrapped in paper imported as scrap from Germany. Most European countries ban the export of such scrap and say it should be recycled or destroyed. But a change in Pakistan regulations two years ago to encourage free trade allows such sub-standard wrappers to be imported as scrap. The profits are high. A Pakistan importer can buy a tonne of plastic scrap for as little as \$100 and sell it to local manufacturers for 10 times as much. The scrap is used to package not only food but also medicines. A businessman in Lahore said he recently sold five tonnes of scrap metallized paper to a local medicine factory to pack oral rehydration salts.

Utusan Konsumer, Malaysia, No 295



PETER BARKER / PANOS

THE SEA

Ships of shame

Seafarers' safety sacrificed

If airlines were operated as shamefully as shipping, aircraft would be dropping on cities every day.

But when 'flag of convenience' vessels sink with the loss of all hands there is barely a ripple of reaction unless pollution comes ashore or passengers are drowned. And then it is those seafarers who barely get a mention if a ship is lost who are made scapegoats for shortcomings that are beyond their control and for which they often pay with their lives.

Ships that fly 'flags of convenience' – which allow their owners to avoid international shipping regulations – now account for 34 per cent of the world fleet but 60 per cent of all accidents. Fleets sailing under the most 'convenient' flags have the worst safety record. Panama, one of the most convenient of all, has a record 10 times worse than the UK.

Human error accounts for about 80 per cent of all marine casualties. Yet for the past two decades cost cutting has been aimed at crews. Commercial shipping companies rely increasingly on cheapjack

practices, regulation avoidance and the exploitation of poorly trained, poorly paid seafarers from poverty-stricken countries.

The benefits of technological aids to safety have been largely negated – the best ship in the world is not safe when in the hands of an ill-trained crew. Added to inadequate training, seafarers are expected to work excessive hours – government statistics show, for example, that UK seafarers work longer hours than any other group of workers.

The age of ships is also a growing problem, especially in the case of large bulk carriers. They have a structurally vulnerable design and many have sunk without trace, usually well away from land and scarcely noticed except by those closely involved. Even when lost with all hands a proper inquiry into the sinking of a 'flag of convenience' ship is unlikely.

If governments were genuinely concerned about safety they would take proper responsibility for their own ships and seafarers by flying their own flag. Quality crewing and good seamanship are undoubtedly the main factors in improving ship safety. But with a possible worldwide shortage of 750,000 seafarers by the end of the century it is highly unlikely that sufficient quality recruits will be available.

Why do governments not make mandatory a 'black box' recording device similar to



CAPTAIN TEARE SCARROTT

Big bulk carriers sink without trace.

that used in aircraft? Perhaps the truth about some mystery losses – especially of huge bulk carriers – would prove too shameful. It can only be a matter of time before the growing number of marine disasters and pollution incidents bring to light the disgraceful state of the world's shipping policies.

Captain Tearre Scarrott

VIETNAM

Airports vs drains

US business gets embargo lifted

NINETEEN years have gone by since the Americans were defeated in Vietnam and helicopters ignominiously lifted those remaining off the roof of the Embassy in Saigon on 30 April 1975.

Ever since then the US Government has been having its revenge by maintaining its strict wartime blockade – no trade either way – and working in the corridors of the World Bank and International Monetary Fund to stop Vietnam receiving any development loans.

President Clinton has now lifted the embargo – but not by reason of US repentance or out of charitable forgiveness. In the ruthless jungle of the international business world US-based multinational companies have been missing the boat while their Japanese and European rivals have set up offices and built factories in Ho Chi Minh City (Saigon) – wages in Vietnam are even lower than in China.

So giant firms like Boeing, United Airlines, United Technologies, Chevron, Exxon and Philips Petroleum set up the US-Vietnam Trade Council to persuade

President Clinton to end the blockade. There are now huge contracts to build offices, hotels and airports, to exploit offshore oil-

What's in it for him in Ho Chi Minh City?



fields and set up communications systems. There are hopes, too, of loans from the World Bank to repair battered infrastructure though there is no decision yet on which will come first, motorways and airports or water supply and drains.

No doubt the crude statistics of 'gross domestic product' in Vietnam will increase. But will there be more artificial limbs for those who have lost theirs in a minefield, or adequate care for those born deformed by herbicides?

Will the multinationals snip something off their dividends to build schools and hospitals as well as offices and hotels? That remains to be seen.

David Pitt

Country count

How many countries are there in the world? The United Nations has 184 member states, but 185 are part of the international postal union. If you count telephone 'country codes' for international calls you find 182 countries. The International Olympic Committee, however, has 186 members. Meanwhile the British reference book *Statesman's Yearbook* listed 194 countries and Coca-Cola claims that it is sold in 195.

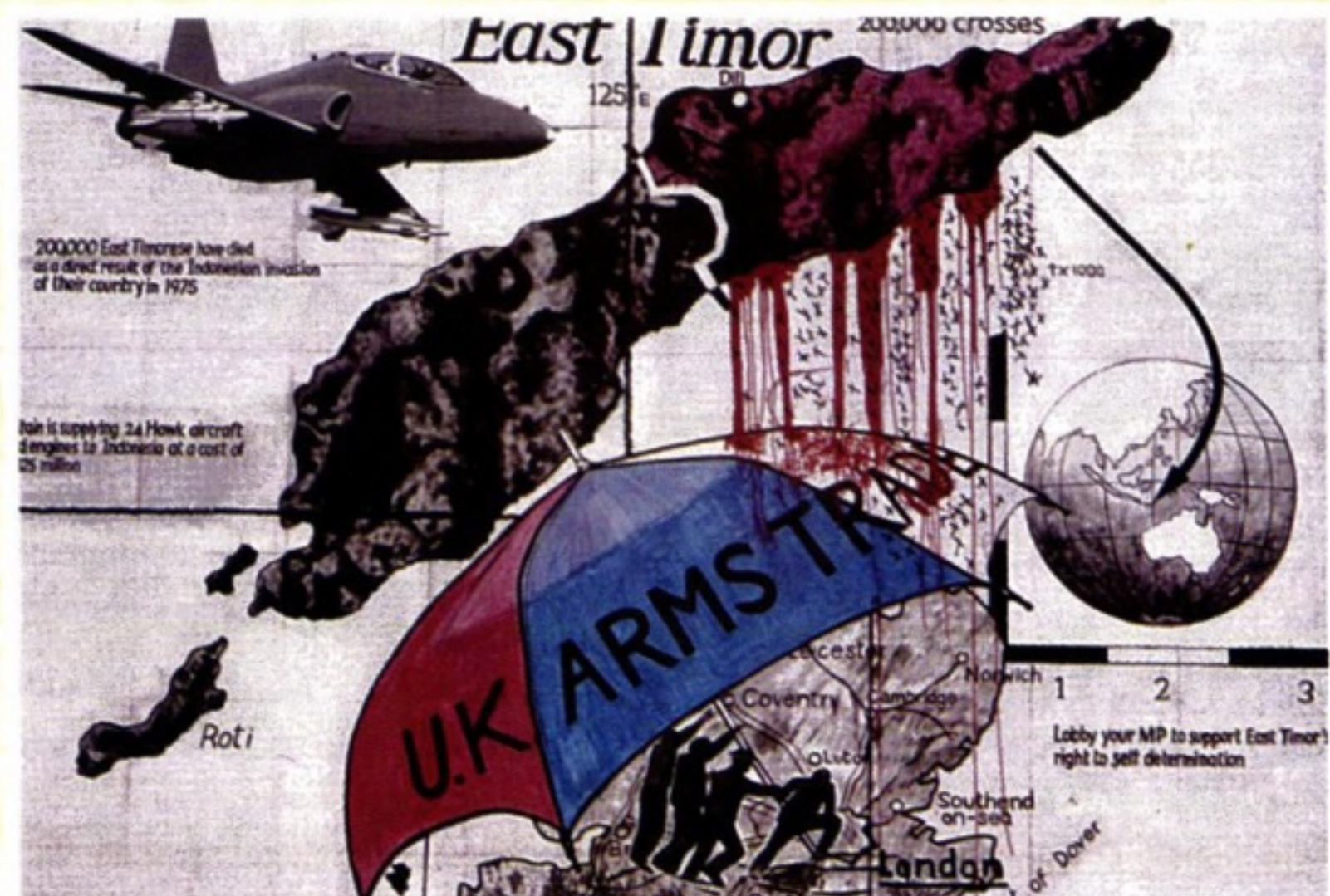
Przelglad Tygodniowy, Poland, Jan 1994

East Timor – 200,000 crosses

This temporary mural by Joyce Changes, Michael Greenlaw and Paul Grimes of *Artists for Justice and Peace* was mounted outside St John's Church on Princes Street in the centre of Edinburgh during April. It is the 50th in a series that spans 12 years. Paul Grimes writes: 'The Church wanted a mural with a cross on it to coincide with Easter. I was resistant at first but Canon Neville Chamberlain pointed out that John Pilger's article in the *New Internationalist* is titled "East Timor, land of crosses", so we painted 200 small black crosses and added "x 1,000".

My hope is that more exposure of this kind will help bring the issue under greater international scrutiny and the people of East Timor will receive the assistance that we would demand, given the grave circumstances.'

Canon Neville Chamberlain reports that between a quarter- and half-a-million people will have seen the poster and it has created considerable interest among passers-by. You can contact *Artists for Justice and Peace* on (31) 659 6754.



MALCOLM C. GOLDSMITH

ENVIRONMENT

Si... but Nicaraguan scheme falters

PLANS to create a model 'sustainable development' region along the Nicaragua-Costa Rica border are in jeopardy because of an influx of refugees following the end of the Contra war in 1990 and signs that logging may restart in the area.

The SI-A-PAZ ('Yes to Peace') project was launched by governments and non-governmental organizations (NGOs) in 1988 to help marry the long-term economic needs of small farmers while at the same time protecting the area's rich tropical rainforest.

But six years later there is precious little to show for the plan. Evidence emerged in October 1993 that IRENA, Nicaragua's environment department, recommended a large-scale concession be granted to a Korean timber firm to operate within the project area. If this goes ahead efforts to achieve sustainable development might be undermined irrevocably.

The SI-A-PAZ project covers a total area

of 12,700 square kilometres, most of it in south-east Nicaragua. It is divided into roughly three zones. There is an area of sparse human settlement mainly in the north and west. To the east near the Caribbean coast lies the Indio-Maiz Biological Reserve – 2,500 square kilometres of virgin forest. The forested area in between has, until now, seen only limited settlement, farming and timber extraction and is designated a 'buffer zone' for the reserve under the SI-A-PAZ scheme.

The project aims to foster better farming methods on land that has already been cleared and to break the cycle by which farmers move to a new plot every few years because the cultivated soil is exhausted and eroded.

'We are trying to link traditional subsistence production methods with new agro-forestry techniques, so that at the same time as improving the environment, families can improve the quality and security of their diet,' explained Emilio Prado, regional director of CIPRES, a Nicaraguan NGO which is trying to win farmers over to using new cover crops and legumes that help con-

serve and enrich the soil.

Interest in the new techniques has grown among the small producers but unfortunately so has the scale of the problem.

Since the end of the war the forest has been overwhelmed by subsistence farmers driven into the region by poverty, unemployment and landlessness. They quickly cleared plots on unclaimed land and began cultivating in the old ways. Virtually all the remaining land in the eastern zone was taken up and by 1993 settlers had set fires all over the buffer zone.

Winning the trust of all these new settlers and persuading them of the value of the SI-A-PAZ project are daunting tasks for the NGOs. If the Nicaraguan Government now starts bowing to logging pressures NGOs fear it will have symbolic as well as practical significance. The forest will be further depleted and government commitment to SI-A-PAZ will be seen to diminish. If the state does not seem to value the project, how much harder will it become to gain the support of poor farmers?

Roger Few

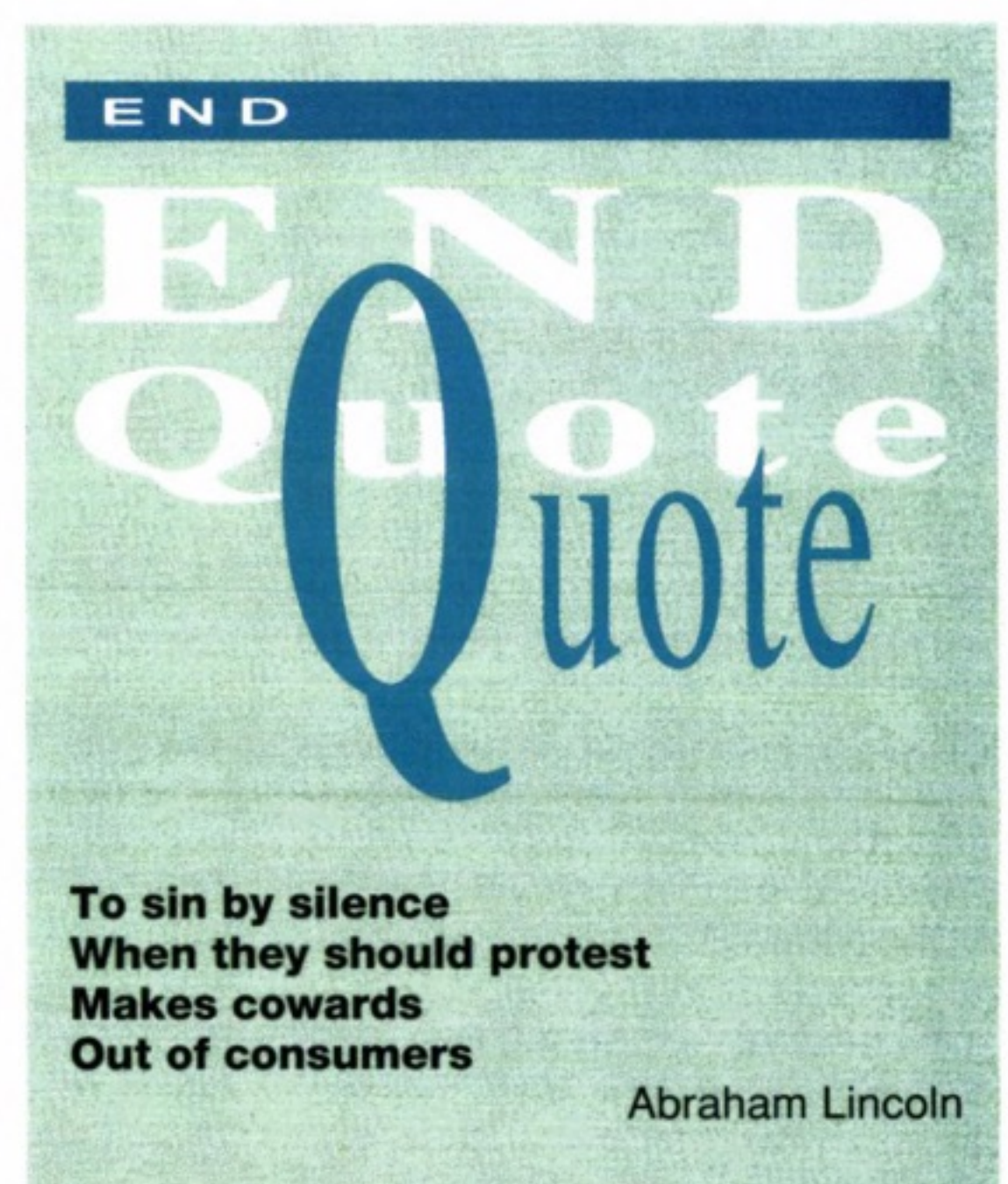
Where there's smoke...

Philip Morris, the giant food and tobacco corporation, has come under fire from the American Food and Drug Administration (FDA) which has found evidence that it has been spiking its cigarettes with nicotine to keep smokers addicted. A search by *Ethical Consumer* showed up other aberrations that were apparently of no concern to the FDA. These include: traces of the pesticide Lindane found in its chocolate bars – Lindane has been banned in at least six countries because of its health effects on plantation workers



including rashes, vomiting, breathing difficulties and possibly cancer; using 'clever gimmicks' on Malaysian television which bans tobacco adverts, such as advertising trips to 'Marlboro Country' which are identical to adverts shown elsewhere minus the cigarettes; giving \$124,650 to Republican and Democrat National Committees in 1991; conducting smoking tests on animals; owning shrimp ponds in Ecuador – an industry blamed for the decline of wild shrimp fisheries, polluting water and the destruction of mangrove forests worldwide; aiming tobacco advertising at children...The list goes on.

The Ethical Consumer, Issue 29





Yothu Yindi: cutting a swathe through Australia's rock-orientated output.



music

Freedom

by Yothu Yindi

(Mushroom Records TVP 93390)

Yothu Yindi is an Australian phenomenon. Led by singer and guitarist Mandawuy Yunupingu, the Yothus are part *Yolungus* (aboriginals) and part *Balandas* (non-aboriginals). Since its formation eight years ago the 10-piece band has cut an independent swathe through Australia's predominantly rock-orientated output. Playing traditional music rocked-up for a diverse audience, the content celebrates aboriginal culture while simultaneously containing a powerful political voice. The song *Mabo*, for example, begins with the words 'Terra nullus' – the Latin for 'empty land' – referring to the European colonialists' false view of the Australian territory as devoid of human habitation.

This album is filled with accounts of aboriginal dreams, customs and tribal wisdom. The modern world – with its land-rights campaigns – is also ever-present and the sense of the interconnectedness of human and natural existence flows through the music. If the didgeridoo pulses can be likened to a quickening heart-beat **Freedom** becomes an account of a life-force which refuses to be denied.

The combination of different musical genres is deftly handled. *Timeless Land*, for example, layers modern and traditional instrumentation with the words of an ancient Rirratjingu song from north-east Arnhem. Linguistically too this album is a mixture of Yonngu Matha dialects – translated on the sleeve – and English.

Freedom is an album you can dance to, the didgeridoo players honking away with the virtuosity of a Keith Richards

displaced downunder. That Yothu Yindi has managed such success without diluting its message or being consigned to a musical ghetto is an admirable achievement which deserves a close listening.

Politics ★★★★★

Entertainment ★★★★★



film

Go Fish

directed by Rose Troche

American director Rose Troche and writer Guinevere Turner make an auspicious debut with their summery and light lesbian romance **Go Fish**. Made on the lowest of budgets the film stands out for its innovative and



Exuberant and wistful love.

imaginative approach. The grainy black and white photography, the punchy editing and rapping dialogue give it a distinct breezy style. Certainly **Go Fish** is a fresh film in all senses as it follows young Max (played in perky fashion by Turner), an aspiring writer whose mind wanders in a wonderfully picaresque fashion, in her search for love one summer. What does a girl do when she hasn't had a date for ten months? Her flatmate Kia, a college lecturer, decides to try and set her up with Ely, one of her ex-students. An awkward date follows in which nothing seems to go particularly swimmingly for Max and Ely. But their friends know otherwise: the secret of love, like comedy, is in the timing.

Aesthetics apart, one of the most welcome features of **Go Fish** is that it is a lesbian story that moves on from the 'coming out' theme of films such as Donna Deitch's *Desert Hearts*. Troche and Turner's film is rooted in a community of lesbian women who are already assured of their sexuality – they are very much out and about. But while their lesbianism is taken as given, **Go Fish** does not avoid taking on board questions about lesbian history and identity. Such matters are deftly dealt with in the film's many asides. 'Girl talk' is key to **Go Fish** and the women rap about everything from whether it is politically correct to sleep with a man or not through to the latest in the rather small number of lesbian movies. **Go Fish** is a happy addition to that number – it is a film that deals in exuberant style with gay culture while being a wistful love story that will keep everyone smiling through the summer.

Entertainment ★★★

Politics ★★★



books

From Heaven to Earth: images and experiences of development in China

by Elisabeth Croll

(Routledge ISBN 0-415-10187-5)

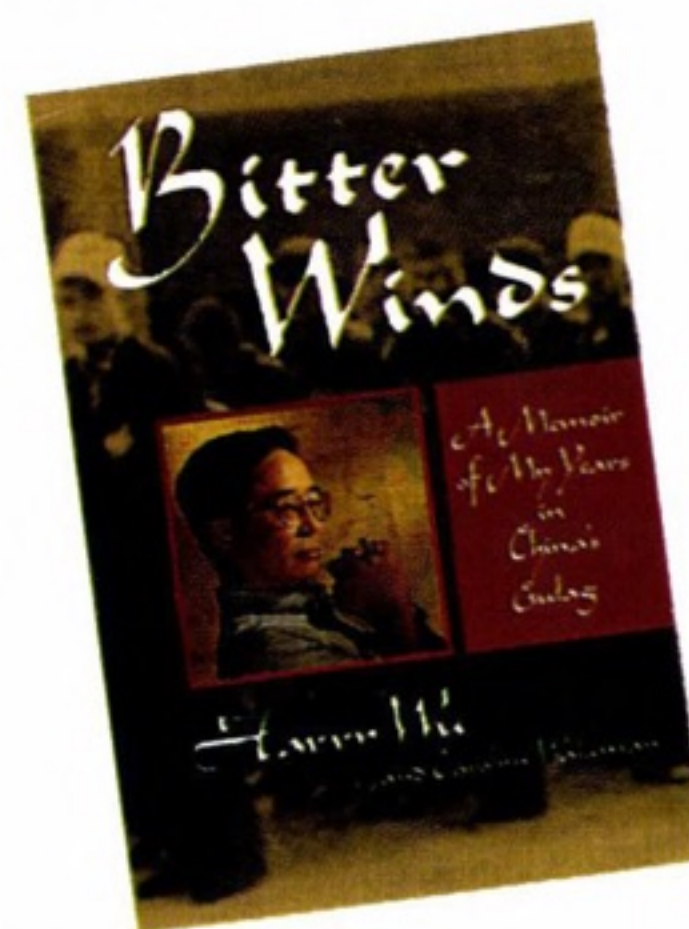
Bitter Winds: a memoir of my years in China's Gulag

by Harry Wu and Carolyn Wakeman

(John Wiley ISBN 0471 55645-9)

These two books make good reading as a pair, for one casts

light on the other. Elisabeth Croll's **From Heaven to Earth** draws on her trips to China over the past few years to monitor projects in areas from which Western visitors are generally banned. Part of the book is a detailed totting up of the resources and income of different villages. But of greater interest to the general reader are her introduction on collective dreams and concluding chapters on the status of sons and daughters under a notional one-child policy, now largely disregarded in the countryside. Outsiders and visitors to China are perplexed by what Croll calls 'the rhetoric of heaven...' which denied existing deprivation, hierarchies and individual interests separate from those of the collective'. Croll's thought-provoking introduction uses personal anecdote, contemporary literature and her detailed



knowledge of the culture to explain that reforms are a great deal more complex than a return to capitalism, or as the Chinese put it: 'We have finally come back from Heaven to Earth'. This brilliant introductory essay goes a long way towards unlocking what for many Westerners has been most puzzling about China.

Some chapters make dismaying reading as Croll shows just how undervalued daughters are. Female infanticide has meant that in some areas the ratio of female to male infants dropped as low as one in five.

But this book is a great deal more optimistic than Harry Wu's gruelling account of his 19 years as a political prisoner in **Bitter Winds**. Croll's explanations of how 'official-speak' serves a collective dream helps make sense of Harry Wu's account of how his fellow students and comrades boxed him in, piling up the (unspecified) charges and labelling him a rightist. This book and the video footage Wu risked his life to take on an undercover return to China form an important part of the evidence of China's human rights

record. Wu argues that taking political prisoners has become vital to China's economic growth: 'Politically [labour reform camps] suppress dissidents to reinforce the system of dictatorship, while economically they exploit prisoners to earn foreign exchange for the Chinese communist regime'.

Politics ★★★★★
Entertainment ★★

Politics ★★★★★
Entertainment ★★

Tu Galala: social change in the Pacific

edited by David Robie (Pluto Press/
Australia ISBN 0 949138 85 1)

The Pacific region is often far from what its name implies. Behind the postcard image of golden sunsets and uncrowded tropical beaches is the reality of increasing economic injustices, rising militarization, the threat and practice of nuclear testing and the seemingly endless struggle for independence. 'Tu Galala' is a Fijian phrase meaning self-determination or freedom. It is an apt title for a book so clearly dedicated to the struggle for authentic development and the pursuit of the Pacific people's rights – be they in Bougainville, Papua New Guinea, East Timor, Fiji or the Philippines.

The accounts of injustice recorded in this book are disturbing. But the discomfort is more than offset by heartening accounts of the strength of resistance and the steps which need to be taken for a fairer future. Throughout the region the stories have a familiar echo. Development aid continues to reinforce economic reliance on neighbouring regional powers, further eroding self-reliance.

The strong pro-Pacific theme which unites this book provides no detached academic analysis. The accounts are earthy, dynamic and hands-on and **Tu Galala** achieves its aim of demystifying the Pacific. Many of the contributors are activists. The publication of the book has been partly funded from compensation paid by the French Government after the sinking of the Rainbow Warrior in July 1985.

Politics ★★★★★
Entertainment ★★

STAR RATING

Excellent ★★★★★
Very good ★★★★★
Good ★★★
Fair ★★
Poor ★

Reviews editor: Vanessa Baird

The Trial

... being the novel in which
bureaucracy is resisted.

FRANZ Kafka's *Der Prozess* is by common consent one of the most perplexing pieces of fiction ever produced. No reader is likely to have any problem in giving an account of its plot. But very few readers have been able to say with any confidence what the novel is actually about.

'Someone must have been telling lies about Joseph K, for without having done anything wrong he was arrested one fine morning,' is the book's famous opening sentence. The sure sense of true and false and right and wrong with which K initially reacts to his arrest proves in the course of the story to be a bewildering illusion. His attempts to discover the crime with which he is charged are utterly fruitless; he is unable to pin down details of the trial such as where and when it will take place and the rights that he will be able to exercise in the process. His crusade to expose the corruption he observes at the heart of the judicial system only serves to incriminate him further. As the complexity of his situation becomes increasingly labyrinthine his own condition becomes more and more paranoiac and the novel comes to an end when two 'gentlemen' call to execute him, without any of the book's multiple enigmas having been solved.

Kafka's sense of the book as somewhat comic – he reportedly laughed out loud as he read the manuscript to friends – does not seem to have been shared by most of the readers who have tried to make sense of it. A common interpretation is the religious one which sees the book as an anti-*Pilgrim's Progress*: an allegory of a godless modern world in which the search for meaning and truth proves bleak and hopeless.

A more recent philosophical trend which does recapture the sense of the book as a huge joke has been to see in it a send-up of precisely these kinds of reading so that readers of Kafka's novel find themselves asking the same unanswerable questions as Joseph K does of his circumstances: by what kind of logic are these events regulated? why is virtually all of the dialogue puzzling? what relation does this perverse incident have to that mystifying one? why do characters who should know nothing know so much and characters who should know much know so little? how is the wonderful fable of the guard and the countryman, told to K by the priest in the cathedral, to be decoded? why doesn't anyone give straight answers to straight questions? A lot of fun can be had playing with

THE classic

such ideas: **The Trial** is thus called 'The Trial' not least because it puts readers through a trial of their own abilities to make sense of the seemingly straightforward. And so the book ends up being about itself.

Such self-regarding fictions are not the usual fare of readers in search of ideological nourishment. But the power of **The Trial** is that it combines a general air of mystery and fantasy – most obvious in the strange sexual attraction to the beleaguered K of several women – with curiously resonant everyday situations. Anyone who has ever tried to claim a welfare benefit, striven to correct a bank's computer error, been involved in less than utterly straightforward legal proceedings, found themselves stranded in an international airport, or attempted to exercise a right of reply in the media, might find certain scenarios in **The Trial** extremely prescient. What the book is satirizing is not so much the totalitarian regimes of Eastern Europe (liberal readers like it because they think that this is its central theme and tend mistakenly to assume that the Prague of the early century was such a society) but of impermeable bureaucratism anywhere.

The most insistent thing about the book is K's refusal to cease his struggle against forces whose impersonality make them impossible to understand. Contrast the drab demise of Winston Smith, the hero of Orwell's *1984* which really is a satire on totalitarianism. On the final page K, expecting at any moment to be butchered by the two 'gentlemen', sees a figure in a distant window with both arms stretched out and raises his own hands in response. It's a remarkable instance of human solidarity in the most anonymous of circumstances and in the face of death. It is, of course, in practice a pointless reflex, but that he is murdered at precisely the moment he expresses an urgent will to live confirms K as a bearer of a very subversive kind of hope. He has to be disposed of precisely because he has refused the temptations of despair.

The Trial is far too rich and sophisticated a work to be reduced to the simple terms of a fable. If there is a politics implicit in its ending, however, we could do worse than to propose that it symbolically teaches that there is great value in resistance and little in submission – even when the odds are stacked against us and refusal to 'go with the flow' seems perverse. 'Logic is doubtless unshakeable,' the narrator tells us, describing K's last gesture, 'but it cannot withstand a man who wants to go on living'.

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Macdonald Daly

The Trial by Franz Kafka (Penguin).



QUESTIONS

...that have always intrigued you about the world will appear in this, your section, and be answered by other readers. Please address your answers and questions to 'Curiosities'.



MARY EVANS PICTURE LIBRARY

WB Yeats: properly expressing visceral creative rage.

Does anybody know in exactly which context the poet WB Yeats described the Anglo-American world and its culture as the 'filthy modern tide'?

The context is the poem of 1938, *The Statues*. In it Yeats says that despite their apparent equanimity, rational-seeming classical works of art, selfless religious spirituality and self-sacrificial political acts are all inspired by the deepest human passion.

Yeats regrets that his contemporary countrypeople have fallen from such states of grace and advocates a return to a national life which properly expresses visceral creative rage.

*We Irish, born into that ancient sect
But thrown upon this filthy modern tide
And by its formless spawning fury wrecked,
Climb to our proper dark, that we may trace
The lineaments of a plummet-measured face.*

The 'filthy modern tide' just possibly might be characterized as 'Anglo-American world and its culture' but its true source lay nearer to home. According to his biographer Richard Ellmann: 'Yeats tried to ally himself with the aristocracy by blood and the peasantry by sympathy'. The real enemy of Ireland, according to Yeats, was the prim, priest-ridden and acquisitive urban middle-class.

I suppose it could be argued that the Irish middle class was really the decent old peasantry corrupted by the blandishments of the 'Anglo-American world'?

Terry Eccles
London, UK

Has anyone published a list of products and services that can be bought without doing harm to babies, animals, human rights and so on?

I think it's impossible to give a straight answer to this question. It all hangs on the word 'harm'. Ask a pro-Vegetarian group and they'll give you a list of items containing no animal products. Ask a group enthusiastic about organic farming and they will give you a list of places where you can buy 'cruelty-free' meat. Get my drift?

I don't think trying to be a good consumer should be a religious pursuit with a dogmatic list of commandments. You have to inform yourself from many sources and make up your own mind according to your definition of harm.

Mark Watson
Bristol, UK

AWAITING YOUR ANSWERS

I've noticed that the war in the former Yugoslavia has been described as 'ethnic conflict' while what has been happening in Rwanda is described as 'tribal war'. What is the difference between an 'ethnic group' and a 'tribe'?

Janet Tomkins
Vancouver, Canada

Is there a symbolic meaning to the old Bee Gees song *I started a joke*?

Lindy Phillips
Delacombe, Australia

I've heard the hole in the ozone layer is getting smaller. Is this true?

Becky Arkwright
Vancouver, Canada

Is it true that during mating the male duck will sometimes drown – and kill – the female?

Rhona Mathews
Cardiff, Cymru, UK

Can anyone explain to me why we have managed to have women prime ministers in India and Pakistan and still have deplorable treatment of women?

Ashoni Arora
Queensland, Australia

Is there an index on charity organizations which rates them according to political bias, bureaucracy, mismanagement, wastage, quality of information and the like?

Andrew Young
Edinburgh, Scotland, UK

If you have any questions or answers please send them to **Curiosities, New Internationalist, 55 Rectory Road, Oxford OX4 1BW, UK**, or to your local **NI** office (see inside front cover for addresses).



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Zarbadoh's children

Olivia Ward reports from Tajikistan on a civil war with an unmatched reputation for brutality.

MEN mean trouble in this village of children that is no longer a village but a collection of rearranged rubbish. Men fire guns, leave family members lying in pools of blood and send children scurrying into the fields or burrowing under flimsy mattresses.

The children remember and are afraid.

One summer day two years ago gangs of armed men from the neighboring countryside invaded their quiet, prosperous farm community and stripped it of cars, machinery, food and household goods. The children didn't understand why. Their parents had no time to explain. When the militants came back the next day with guns and torches the children saw only blood and ricocheting bullets and sheets of flame that devoured everything in their small, limited world.

Now about 500 babies and young people have returned from refugee camps and villages near the Afghan border. Fifty women are with them. The only men here are four grey-haired elders who braved a trail of violence to accept the Government's offer of resettlement.

But the war – the stealthy, confusing, terrifying war – has never really ended. Night and day gunfire echoes through the muddy plain on which the settlers cannot afford to sow more than a handful of vegetable seeds.

Tajikistan's civil war is one of the most complex in the former Soviet Union. During its course it has displaced 500,000 of the country's 5.5 million people and acquired an unmatched reputation for brutality. Strife began when the Soviet Union collapsed in 1991 and Communist Party boss Rakhmon Nabiev seized power. The Pamiri minority from the east of the country and fundamentalist Muslims from the Garm Valley formed an alliance and clashed violently with government forces. As turbulence spread, the storm centre shifted to the area around Zarbadoh, 25 kilometres north of Afghanistan. By the time Nabiev was driven out of the capital at gunpoint and a hastily-installed Islamic-Democratic coalition collapsed, the southern villages were awash in blood. The battles died down when neighboring Uzbekistan sent troops, and a new communist leader, Imomali Rakhmonov, was elected.

The six-month war had a shattering effect on families who were forced to flee. The devastated villages are now settlements of children – lively, dark-eyed children who are strangely quiet and seldom leave their mothers' sides. Marauding men turn up suddenly, searching for the children's fathers. One of them was the father of 15-year-old Gueraftor Hajieva, a slender, serious teenager who has only a mother and sister left of her family of seven brothers and sisters.

'I think about them all the time. I can't get through the day without crying,' she says, hiding her face in embarrassment.

Gueraftor's days are bleak and cheerless. Fear, boredom and endless, repetitive chores are her daily fare, predictable as toothache. Day by day the women and older children work together, rebuilding shelter for themselves by hand. During the worst days of winter most of the villagers huddled in the damp-smelling

basement of a destroyed schoolhouse where classes were no longer held. Now, as spring turns the frosty soil to a sea of mud, darkness puts an end to bone-wearying days. While the younger children are wrapped up in donated blankets and laid out for sleep like tiny papooses, older ones can only listen in the dimness for what they fear most – the vehicles of armed men.

'I'm afraid to go very far from here,' Gueraftor says. 'Men might come and... insult me.'

They have come in the past, swooping down and demanding 'a girl' to take back with them. So far groups of angry shouting women have driven them away. But no-one is safe and fear is like a sour coating on a life that has already lost its savor.

The youngsters, confined to their shelters or carried around by their mothers because they lack proper shoes, cannot live as normal children do.

The sound of cars or gunfire fills them with panic as violent memories surface and some have fits of nervous trembling.

The capital, Dushanbe, is now an armed camp awash in terrorism, crime and poverty. Young men in their teens carry guns openly and the violence they have witnessed has taken root and grown.

'Many children in this country are suffering from the war,' says psychiatrist Minhoj Gulyamov. 'It isn't just physical diseases, it's mental anguish.'

'I have spells when I feel as though I'm going to die,' says Nigora Vohidova, a tall, gentle girl of 15 with a face of exotic beauty. 'It's terrifying and I don't know what to do.'

Nigora's anxiety attacks began after the street battles ended in Dushanbe. They

were sudden, unexpected and completely terrifying.

'She would stand up and scream "I don't want to die!",' says her mother, Maya Vohidova. 'We did everything to comfort her, but it didn't have any effect.'

At the Internat children's home across the city, Nadezhda Tsayova cares for 130 parentless children under harsh conditions that have improved little since the war.

'God will help us,' recites a tiny five-year-old with sandy hair and a pixyish face.

The children gather round excitedly to talk to the first foreigners they have ever seen. They are quick to smile and hug each other playfully. Most of them, Tsayova says, eat uncontrollably when food is put in front of them. 'It's as though they remember the days of the war when they were hungry. They eat even when they really don't need the food... After everything they've been through I think they will grow up determined to prevent more violence.'

The children giggle and clasp each other's hands. But one little boy gets up and sings:

'My brother patrols the border, that's why I sleep so well... because he is carrying a gun'.



Nigora Vohidova in the courtyard of her Dushanbe house with sisters Mansura (left) and Gulnoza (right).

TOBY LATTA

Olivia Ward is the Moscow Bureau Chief of *The Toronto Star*.

Colombia

COLOMBIA is a country of paradoxes. Nobel prize-winning writer Gabriel Garcia Marquez set his mythical town of Macondo in the Caribbean coastal region of Colombia and for many observers the strange goings on in his town pale in comparison with those of the republic as a whole.

A central paradox is the way the country's history of electoral competition, thriving intellectual and cultural life has existed alongside a history of civil war and political violence between the two parties that continue to dominate Colombia (Liberal and Conservative). Since the last of these civil wars in the 1950s, when more than 250,000 people died, the two traditional parties have negotiated a pact but in so doing have closed the political order to all other forces.

The last few decades have been characterized by the often violent efforts of other groups (such as the M-19 guerrilla movement) to force an entry into the political system. Underlying these demands for participation are the extreme injustices of a deeply unequal social and economic order.

Another of Colombia's paradoxes is located in the economy. The formal sector is now fairly



healthy, having been modernized and diversified away from dependence on coffee. But most people live and work in the unmeasured, unregulated informal sector.

In a few decades Colombia has changed from having a 70 per cent rural population to having a 70 per cent urban one.

People in the countryside have been forced to go and search for land in ever remoter parts as commercial agriculture and cattle ranching have taken over the best lands. Often their only means of survival since the late 1970s has been to grow coca, the plant that yields cocaine. Meanwhile the State has

abandoned those who migrated to the cities. With no welfare and little formal sector work, survival includes anything from street selling to criminal activities, in particular those associated with the rise of the cocaine industry. Cocaine has brought with it a gun culture and murder rates in Medellín are amongst the highest in the world.

Cocaine-related violence frequently hits the headlines but a less publicised violence is also commonplace: that carried out by the forces of the State against opposition movements. Using the excuse of anti-guerrilla warfare, the army and paramilitary groups have targeted all opponents of the status quo, in particular peasant leaders, social and political activists. Over 1,500 leaders of the Patriotic Union party for instance have been assassinated since it was set up in 1985. Amnesty claims that over 20,000 people have been killed for political reasons since 1986.

Though formally viewed as one of Latin America's democracies, Colombia is a country whose élites have stopped at nothing to defend their wealth and privileges.

Jenny Pearce

AT A glance

Excellent ★★★★★
Good ★★★★
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Poor ★★
Appalling ★



INCOME DISTRIBUTION ★★

Very unequal: lowest 40% of households have 12.7% of income.

1982: ★★



SELF-RELIANCE ★★★

Coal and oil reserves will ease dependence on coffee; huge earnings from cocaine.

1982: ★★★



POSITION OF WOMEN ★★

Weight of Catholicism and machismo heaviest on poor urban and rural women.

1982: ★★



POLITICS

Liberal party; executive presidency.



1982



LITERACY ★★★★★

87% High levels of adult literacy, but inadequate schooling in many rural areas.

1982: ★★★★★



FREEDOM ★

Official democracy/press freedom, but high levels of state political violence.

1982: ★★



LIFE EXPECTANCY ★★★★★

69 years. Among the highest in South America (US 76 years).

1982: ★★★★★

Leader Presidential election run-offs between Ernesto Samper and Andrés Pastrana.

Economy GNP per capita US \$1,260 (US \$22,240).

External debt (1991) US \$18,086 million. Coal and oil coming on stream will enable diversification from coffee (Colombia is second largest producer after Brazil). Also bananas, flowers, tobacco, cotton, sugar cane and cocoa. Dollar earnings distorted by huge receipts from cocaine.

Monetary unit: Peso

Main exports: Coffee, coal, petroleum.

Main imports: Mechanical and electrical equipment; chemical products.

People 33.4 million

Health Infant mortality 17 per 1,000 live births (US 9 per 1,000).

Culture About 2 per cent population are Indians, about 6 per cent black descendants of slaves, rest are of European descent or *mestizo*, mixed indigenous/white.

Religion: Roman Catholicism

Languages: Spanish and Indian languages.

Sources: Human Development Report 1993, Inter-American Development Bank report, 1992, The State of the World's Children 1994, The Americas Review 1993/4.

Last profiled in January 1982

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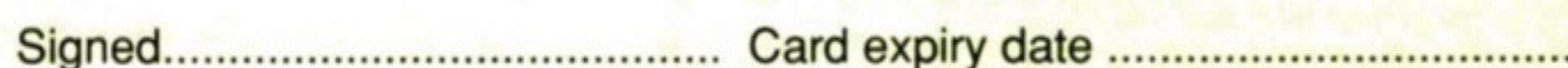
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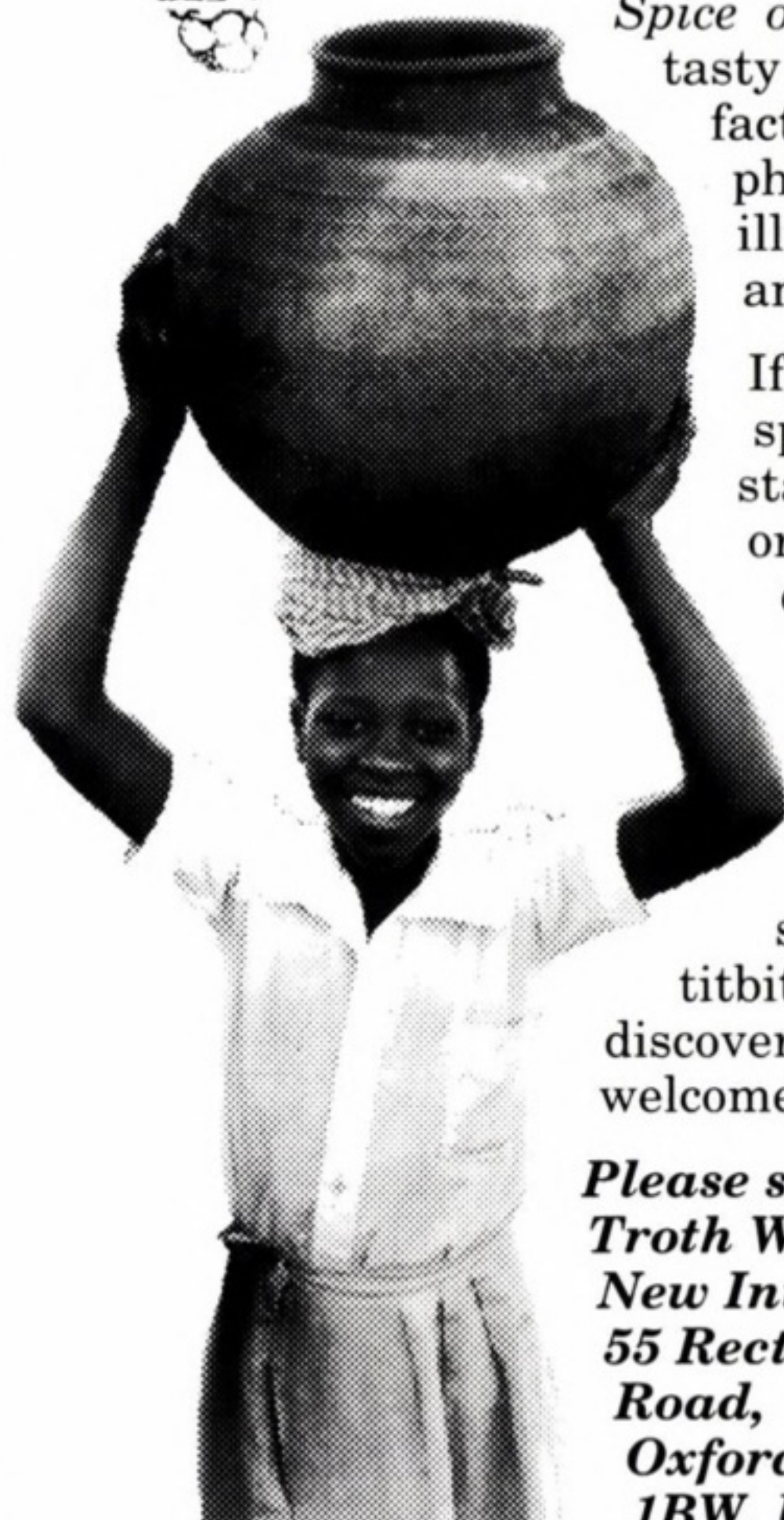
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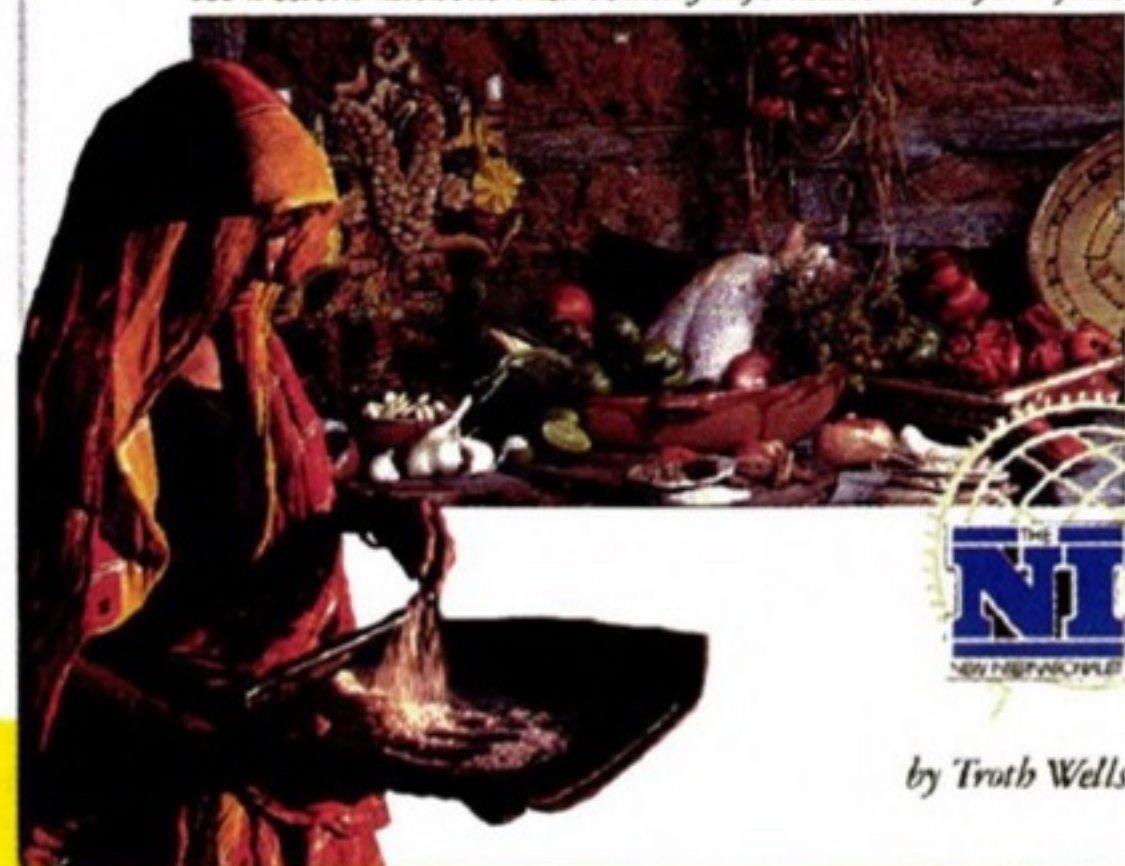
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